

# THE FOREIGN TRADE OF CHINA

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MY UNCLES

SIY CONG JIU AND BENITO SIY CONG BIENG

IN TOKEN OF THEIR FATHERLY AID AND CARE

THIS VOLUME IS 'GRATEFULLY AND

AFFECTIONATELY INSCRIBED

Tsekung asked, saying, "Is there one word which may serve as a rule of practice for all one's life?"

The Master said, "Is not RECIPROCITY such a word? What you do not want done to yourself, do not do to others."

—*Confucian Analects.*

## PREFACE

THE trend of trade and civilization has generally been from the East towards the West. Civilization has advanced from the Tigris, the Euphrates, and the Nile to the Mediterranean, thence to the Atlantic, and now it is shifting westward to the Pacific, which is rapidly becoming the center of human interest and commercial activity.

With the opening of the Pacific era we are witnessing the awakening of the Far East; and China, with her four hundred million people and her wonderful resources, is the key to the whole movement. Stupendous changes are taking place in the Oriental Republic, of which we do not yet see the full significance. The Chinese are now looking into the future instead of dwelling in the past. They are earnestly struggling for the complete regeneration of their country by renovating every phase of their national life—their education, their politics, their industry, and their commerce—in accordance with the fundamentals of Western civilization. Today China is the part of the world where the most important preparation is being made for the building-up of a nation which is certain to bulk large in the not distant future as a field for great industrial development and commercial expansion.

The renaissance of the Chinese people is pregnant with meaning. It is a world problem, for its outcome is bound to affect the destinies of both Europe and America, as well as that of Asia. In view of this importance it is highly desirable that the world should know China better, better

than it does now, and that the Chinese should have a wider knowledge of their economic past and of their potentialities in the new era which is dawning upon us, when to every peace-loving nation will be conceded the right of untrammelled self-development. The world must know China better, because never has a people been more misunderstood than the Chinese. Whatever happens, they are invariably placed in the wrong. Their case is, as a rule, not presented, the motives and feelings which influence their action are never considered, and they are judged and found guilty by misrepresentation. No matter how absurd a statement may be, it is accepted as true if it deals with China.

Much has been written about China, but seldom, if ever, from the Chinese point of view. Most of the books given to us by foreign writers have not done the Chinese justice. They generally describe the activities of the foreigner in China in his own terms and solely from his own standpoint, and are designed primarily to justify the policy of some power in that country. As to the impression produced by those activities upon the Chinese themselves, we are left perfectly in the dark. They tell us that China ought to do this, and that China ought to do that, not for her own benefit, but in order to promote the interest and profit of the foreigner. Of course, this does not necessarily mean that all the authors have been intentionally unfair, for in some cases the prejudice has been due to the inability to see more than one side of the medal. However, what has been done has been done not the less effectively.

From the mistaken ideas about the Chinese has flowed the consequent abuse of that people all over the world, even in their own country. They are never thought of as being animated by the same feelings and motives which actuate and guide men in other parts of the world. Both abroad and in their home land they are deprived of many rights

and innumerable privileges, and everywhere they are treated with discrimination and harshness.

Countless misconceptions of the Chinese have arisen and many of them still exist. They can be removed, and it is high time that they should be removed. To be misinformed is to be misguided, and misguidance in foreign affairs may prove disastrous to a country, for at the bottom of most international troubles is to be traced the mutual lack of acquaintance among nations. The European War has brought home to us with especial force the importance of nations knowing one another better and of understanding one another more correctly. There is nothing that will enable the Chinese to understand the foreigners more accurately than an honest attempt on the part of the latter to understand the Chinese and to give them a "square deal." Surely the Chinese people are entitled to a more humane judgment than that which is so often registered against them, and this can be best obtained by trying to see their point of view in all questions concerning them.

It is hardly conceivable that the intelligent West would pass such sweeping condemnations of the Chinese as it is wont to do, if correct information were placed at its disposal. The westerners would certainly not have blamed the Chinese for their early policy of exclusion against the Europeans had they known that it was brought about by the deplorable conduct of their own pioneers in the Celestial Empire. They would not have censured China for the Opium War if they knew how the British forced the opium vice upon her with the help of their Government. Neither would they have condemned the Chinese for the Boxer Rebellion had they been acquainted with the fact that it was the natural sequence of years of foreign insult and aggression upon an inoffensive people. Nor would they complain so vociferously about China's slow progress if they were

to realize that it is in a very large measure to be ascribed to the selfish and disruptive policy of the treaty powers in China.

The following study is a humble attempt to trace briefly the development of China's commercial relations with the outside world from the earliest period to the present time, and to explain certain forces at work in that development. It aims at showing some of the effects upon China herself of her international relations, things on which foreign writers are usually reticent, although they are cardinally important for a proper understanding of the Chinese Question. We have endeavored to point out the injustice and impracticability of the unilateral treaties imposed upon China by the powers; and it is our sincere hope that the present monograph, however inadequate it may be, will serve to draw attention to the urgent need of a just and equitable revision of those antiquated documents. Such a revision will redound as much to the common benefit of the world at large as to the welfare of the Chinese people themselves. It will, in the first place, accelerate the industrialization of China, for which she is so richly endowed by nature, and permit the unfettered growth of her foreign trade, which has demonstrated its remarkable vitality under the present adverse conditions and needs but little encouragement to expand greatly. The advantages of this material transformation will unquestionably be shared by all. Moreover, the change will enable the young Republic to carry out the reforms that will metamorphose her into a powerful and progressive nation, thereby rendering possible the permanent peace of the Far East, and hence of the world.

In our survey we have been critical towards the policy of the treaty powers in China. But it is to be understood that in so doing we cherish no malice, we bear no grudge against

the foreigners. We are simply prompted by the desire to see a better and nobler world and not one in which Might makes Right. With us it is merely a question of stating facts; some of them are, doubtless, painful and humiliating, but they are none the less facts. Indeed the whole history of the foreign relations of China is a very unpleasant one to relate and it will remain so until China's large dossier of grievances against the powers is redressed. Furthermore, we believe that if the world is to become truly democratic and diplomacy is to proceed "always frankly and in the public view," the open discussion of international affairs must be fostered and cultivated.

In conclusion the author is glad of the opportunity to express his special indebtedness to Professor Edwin R. A. Seligman, McVickar Professor of Political Economy in Columbia University, not alone for his encouragement and sound advice, but also for the arduous task of reading the manuscript and offering stimulating criticisms. He is also grateful to Professor Roswell C. McCrea, Senior Professor in the Columbia School of Business, who has kindly read the proof sheets and suggested improvements. Assistance in the tedious work of correcting proofs has been cheerfully rendered by Mrs. C. A. Stewart, Secretary of the Economics Department, Columbia University, and Mr. W. H. Steiner, Assistant Director of the Division of Analysis and Research, Federal Reserve Board. To them hearty thanks are extended. As for help in financing the publication of this monograph, the writer is under heavy obligations to the Faculty of Political Science of Columbia University, but more especially to the China Society of America, New York, which has generously undertaken to bear a portion of the expense of carrying the book through the press. And for the ready assistance in securing the financial aid of the two institutions, without which the publication of this

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# PART I

## THE FOREIGN TRADE RELATIONS PRIOR TO 1861

### CHAPTER I

#### THE DAWN OF FOREIGN COMMERCIAL INTERCOURSE (FROM ANTIQUITY TO ABOUT 1500 A. D.)

The origin of the foreign trade of China is shrouded in the mists of remotest antiquity. Throughout all history the Chinese have had some form of communication with the outer world. Omitting all more or less legendary accounts, we find that even as early as the beginning of the classical Chow dynasty (B. C. 1122-249) there were eight neighboring foreign nations, whose merchants came to Canton, bringing their goods to exchange for the products of the Celestial Empire.<sup>1</sup> As the first ruler of this dynasty, Wuwang received several embassies, notably one from King Kitse of Korea, who came in person to felicitate him upon his accession to the throne, thereby inaugurating the relations between China and Korea.<sup>2</sup> A trade between the two countries was slowly developed, and by B. C. 140 specific mention was made of frontier "fairs," where one could buy horses, sables, pearls, and other arti-

<sup>1</sup> Sir R. K. Douglas, *Europe and the Far East* (N. Y., 1913), p. 2.

<sup>2</sup> A greater part of Korea was conquered by the Chinese in A. D. 667 and the entire country was subjected to China's mild form of suzerainty, which continued, with a few intervals, until 1885, when a convention was signed between China and Japan, by which the latter was placed on an equal footing with the former in all affairs concerning the Hermit Kingdom. While Korea was a vassal state of China the treaty powers during the latter part of the last century, were generally inclined to work through the Chinese Government in extending their trade influences in that peninsula.

cles from North Korea, which at that time stretched far into Manchuria.

During his reign (B. C. 140-86) the Emperor Wuti of the Han dynasty sent ambassadors to several mercantile countries, from which they brought back bright pearls, gems and rare stones, gold and other kinds of commodities. It was about this time, in B. C. 120, that the Chinese first heard of the countries of western Asia through Chang K'ien,<sup>1</sup> who had been despatched, in B. C. 135, as an envoy to secure the aid of Yuechi against the Huns, who were constantly disturbing the western frontier of China. While in Bactria he observed that among the articles put up for sale there were Chinese goods, which he discovered to have come through India.<sup>2</sup>

Twenty years later, the Japanese are recorded as having sent an embassy to China with "tribute" (*i. e.*, presents), but nothing important resulted from the visit. It is worthy of observation, in this connection, that the so-called "tribute-bearing" missions, which had commenced to come to the Celestial Kingdom at a very distant period and which became rather numerous during the early rule of the Ming dynasty (A. D. 1368-1644), were merely interchanges of courtesies between friendly nations. The despatch of such embassies involved no suzerainty on the part of the tribute-receiver or vassalage on that of the tribute-bearer and was, therefore, devoid of the importance attributed to the act by international jurists of the West in subsequent days.

As a matter of fact, most of these early missions were mercantile in character, being trading ventures in disguise.

<sup>1</sup> For the story of Chang K'ien *cf.* Sze-ma Ts'ien's *Shih Chi* (*Historical Memoirs*), chapter 123. A new English translation of the Chinese text is to be found in *The Journal of the American Oriental Society* (1917), xxxvii, pp. 93-116.

<sup>2</sup> *Ibid.*, p. 98.

The exchange of presents between equals or the gifts from tributary states are purely foreign trade in its primitive form, because for whatever was received some equivalent, at least, had to be given in return; and frequently the dignity of the Chinese Emperor demanded that, in addition to the royal welcome which should be extended to all visiting ambassadors, the outgoing presents should be three or four times the value of the incoming gifts. Indeed, the visitors always expected that such a thing would happen. On account of their profitableness, expeditions of this kind were fraudulently imitated by traders in the ninth century, particularly the Arabs and the Persians, who garbed themselves as special envoys from a tributary nation. But manoeuvres of this character were subsequently disclosed and adequate steps were taken to verify the real status of all tribute-bearers.<sup>1</sup>

From the works of Pliny and Ptolemy we derive sufficiently clear evidence of the existence of active commercial intercourse between Alexandria and the Far East for several hundred years before Christ. This communication continued to expand, and in the opening century of our era, at least, there had already sprung up a brisk trade in silk between China and Tats'in, which is now known to have been the Roman Orient, *viz.*, Syria, Egypt, and Asia Minor.<sup>2</sup> While the Chinese sent silk, iron, and furs or skins to the oriental part of the Roman Empire, the latter is recorded to have given in exchange for them the following articles: metals, drugs, dyes, asbestos, woven fabrics, embroideries, precious stones, fragrant woods, and glassware of all kinds. This trade was entirely a land trade by way of Parthia, which had the sole control of the Chinese silk

<sup>1</sup> *Vide infra*, p. 30.

<sup>2</sup> *Vide* Friedrich Hirth, *China and the Roman Orient* (Shanghai, 1885), p. vi (preface).

traffic in the West, from which it reaped enormous profits. It was chiefly due to the persistent efforts of the Parthian merchants to retain this monopoly for themselves that a direct trade between China and the Roman Empire was not established at this early period; for they fully realized that such a step would sweep away their monopolistic gains. So in A. D. 98 when Kan Ying, who had been commissioned to open intercourse with the mysterious Tats'in, reached the western border of Parthia and was preparing to embark for the countries beyond, the cunning skippers at some port in Mesopotamia successfully persuaded him to retrace his way, because they were unwilling that a Chinese should be encouraged to learn the secrets of the profitable exchange that was being carried on.

What attracted the early adventurers from the West to undergo the insurmountable hardships of the longest journeys to the *ultima Thule* of the Orient was the lucrative trade in its natural and artificial productions. The *Serica vestis*—either a silken or cotton fabric—and other valuable articles from China were in growing demand among the luxurious Romans, who paid exorbitant prices for them. In order to secure the full benefits of this traffic, the Romans made an attempt, the first by a Western nation, to establish direct commercial relations with the Celestial Kingdom; and in order to escape the Parthian cupidity, they resorted to a sea route instead of the overland one. This event occurred in the year A. D. 166, when a group of foreigners representing themselves as despatched by the Emperor Marcus Aurelius Antoninus, reached the Chinese capital by way of Tongking, with presents of ivory, rhinoceros horns, and tortoise shells. The mission was received with sumptuous ceremony and due kindness, but, like most expeditions of the kind in subsequent days, it returned without paving the way to a more intimate contact between the two great seats of civilization.

Fortunately, however, the failure of the first Roman embassy to achieve its aims did not result in hindering the growth of the indirect trade between China and the West. On the contrary, the traffic increased as time went on, and reports of its profitableness were circulated among the peoples of western Asia and southern Europe by travelers during the early centuries of the Christian era. From that time on, the Chinese market has allured traders from all parts of the world. By land or by sea, the Greeks, the Romans, the Persians, the Arabs, and the Turks, all journeyed eastward with no other motive than that of securing a share of the prosperous trade with China.<sup>1</sup>

In the first part of the third century Chu Ying was appointed by the Emperor Sunch'üan, who had unsuccessfully tried to open relations with the Roman Orient in A. D. 226, to explore the countries to the south and southwest of China—Tongking, India, *etc.*—in order to learn more about them. The mission reached its destination, but it does not appear to have contributed anything important in broadening the commercial intercourse with those neighboring regions, which may be said to have been started in the last part of the second century B. C., after Tongking was conquered by the Chinese.

Owing to the disturbed condition of the Chinese Empire during the fourth, fifth, and sixth centuries the progress of the trade was somewhat retarded. Nevertheless, it is abundantly clear from the narratives<sup>2</sup> of the travels of the Buddhist pilgrim Fahien (A. D. 413) that, besides the land traffic with southern Asia, there also existed a sea trade between India and China at the end of the fourth century. It was in the beginning of this same century that a number of

<sup>1</sup> An account of the ancient Oriental trade may be found in *The China Review*, xviii, pp. 41-54.

<sup>2</sup> James Legge, *A Record of Buddhistic Kingdoms* (Oxford, 1886).

Chinese are said to have migrated to Japan in search of profitable ventures. This event served as a factor in directly introducing into the island Empire Chinese civilization, which hitherto had been transmitted through the Koreans, and which was destined to metamorphose Japan in ancient days just as her contact with Western influence has revolutionized her in modern time. Japanese industry and commerce were fostered and made to flourish by these Chinese immigrants in a fashion similar to that in which the industry of England was benefited by the influx of intelligent and skilful artisans from Flanders.<sup>1</sup>

The Arabs were active traders in ancient and mediæval times; they boldly navigated the Indian Ocean and established factories at all the chief ports of call along the Gujerat and Malabar coasts, in Ceylon, Sumatra, and Java, and finally at Canton, where they seem to have had a settlement as far back as A. D. 300. But the earliest positive mention of intercourse between the Arabs and the Chinese is in the first half of the fifth century, when some port in Babylonia is alleged to have been frequented by Chinese ships. It is chronicled, for the first time, in the Chinese annals that Persia sent an embassy with presents to the court of the Wei in 461. Similar missions kept on coming during the next three centuries, and this recurring intercourse served to draw Persian merchants into the Chinese Empire.

Towards the close of the fifth century the Turks journeyed to the northern borders of China to buy silk and

<sup>1</sup> "The process of manufacturing paper and ink, of weaving carpets with wool or the hair of animals, of concocting dyes, of preparing whetstones, of therapeutics, of compiling a calendar, and of shipbuilding on greatly improved lines,—all these, learned from China, were skilfully applied." Captain F. Brinkley, *Japan: Its History, Arts and Literature* (Oriental Series), i, p. 106. The science of canal construction, the art of fine embroidery, more efficient methods of sericulture and silk-weaving were also transplanted from China. *Ibid.*, p. 83.



wadding with the different iron articles of their own manufacture. For the first time tea was now added to China's exports and her trade assumed a new significance. It was during this period also that we begin to witness the repeated arrival of missions, for several hundred years, from India and Ceylon, especially from the latter, which had come to be an important commercial center at a very early date, and the kings of which acknowledged themselves vassals of China in the sixth century. In spite of the frequency of this communication, the Chinese of the fifth century possessed but a vague notion of India and the West and of the products of those regions.

A survey of the ancient Roman and Chinese historical records reveals to us the existence, during the first five or six centuries of our era, of both land and sea trade in silk, iron, glassware, textile fabrics, and numerous other commodities between China and Mesopotamia, and also between the principal Red Sea ports and such trading centers in Indo-China as Rangoon. It is interesting to note that up to this time there never arose any important question with regard to tonnage dues, customs duties, or transit charges.

Writing in the second quarter of the sixth century, Cosmas,<sup>1</sup> a Greek monk who had been a trader in Arabia and India, spoke of the maritime trade of China—which he called Tzinista—under the Byzantine Empire. The indirect trade between Greece and the Celestial Empire continued to grow until the rise of the Moslem power. Silk in its diverse forms was the chief article transported westward, but the demand for this product was reduced by the successful introduction of silkworms into Greece about 550 A. D.

During the Sui dynasty (A. D. 580-618) ambassadors were sent to the surrounding nations; embassies were reg-

<sup>1</sup> Cosmas Indicopleustes, *Christian Topography* (Hakluyt Society edition).

ularly despatched to and from Japan, and a closer intercourse was effected between the two neighbors. At this time the maritime enterprise of the Chinese commenced to undergo a real development; sea voyages of considerable distance were frequently made, and in A. D. 607 Sui Yangti despatched an expedition to Siam by sea in order to establish trade relations with that country. From the annals of the Tang dynasty (618-907) of the seventh and eighth centuries we gather that Chinese junks at that period made voyages from Canton to the Euphrates, if not farther. Moreover, a great many Chinese pilgrims visited the holy places of India during the seventh century, and the majority of them used the sea route instead of traveling overland *via* Tibet and Nepaul, as was customary. The activity of these early travelers could not but produce beneficial results; it caused more exact information about foreign countries to filter into the Middle Kingdom, and whatever hazy notions the Chinese had entertained of India and the West during the preceding centuries were gradually clarified.

In the seventh century the sea trade with the Hindus and Arabs had become rather valuable; and by the eighth it assumed a very great importance, for a Chinese historical account<sup>1</sup> states that the ships employed in this traffic were very large, and that they called at Canton, where was stationed an Inspector of Maritime Trade, whose business was to collect export duty and freight charges, besides attending to the general regulation of foreign commerce. "Precious and rare articles" were prohibited from being exported, and any attempt to smuggle them out of the country was punished with imprisonment. By the middle of the seventh

<sup>1</sup> Li Chan, *Tang Kuo Shi Pu*. Cited in Chau Ju Kua, *Chu Fan Chi* (on the Chinese and Arab Trade in the twelfth and thirteenth centuries), p. 9.

century we hear, for the first time, that duties in the form of tithes were levied in kind upon imports of spices, camphor, and precious woods.

The Nestorian Christians of Syria appear to have reached the Chinese Empire about this time; and they were allowed to travel everywhere without restrictions — a fact verified by the celebrated Nestorian monument (dated A. D. 781) discovered at Sian Fu in 1625. This tablet gratefully acknowledges the liberal attitude shown towards Christian travelers by the rulers of the Tang dynasty, and mentions an Imperial edict of A. D. 638, by which toleration was given to the Christian religion. Another illustration of the hospitality extended to aliens by the Chinese in ancient days is shown by the fact that at the end of the eighth century over four thousand foreign families living in Sian Fu were permitted to settle in China permanently, when their homeward route through Turkestan was blocked by the Tibetans, who had just occupied that territory. Furthermore, it is stated that in the beginning of the seventh century, when a wave of Persian traders migrated to China by sea, they encountered no obstacle in scattering themselves throughout the Empire. Most of these Persians, however, went no further than Canton, where, together with the Arabs, they easily formed the major part of the foreign population, which was of no inconsiderable size. In the newcomers the enterprising Arabs were rapidly forced to find worthy competitors, who soon outrivaled them in their commercial operations in the extreme East.

Between 618 and 626 the disciples of Mohammed are recorded to have brought Islamism to Canton, Ts'uanchow, and Yangchow. The Moslem colony at Canton, which the Arabs called Khanfu,<sup>1</sup> did not cease to multiply, and so

<sup>1</sup> Some sinologues still identify Khanfu with the city of Hangchow in Chekiang. This is very doubtful, because Khanfu is mentioned

numerous had they become by the middle of the eighth century that they were strong enough to make a filibustering attack upon the city in 758. After pillaging and burning some warehouses, they fled to their ships with the booty. This is the first notable outrage committed by strangers in the Chinese realm. In the ninth century the importance of the Mohammedans in Canton was further enhanced, for we read <sup>1</sup> that one of their number was designated by the Chinese Government to enforce the laws of Islam and keep general order among his fellow Mussulmans. Similar institutions were formed later in the Moslem settlements at Ts'uanchow, Hangchow, and in other parts of the Celestial Empire.

Besides the Chinese testimony <sup>2</sup> concerning the active trade at Canton, we have the witness of the Arab merchant Soleyman and of Ibn Wahab of Basra: the former visited China in the first part of the ninth century, the latter in the second. From their narratives <sup>3</sup> we learn that Chinese goods at that time were entirely insufficient to meet the demand in the markets of Basra and Baghdad, where they commanded an unusually high price. This scarcity of products from the Celestial Empire was ascribed to their loss, in part through the intermittent fires in Canton, and in part through

by two Arab travelers in the middle of the ninth century as the *entrepôt* of China where all traders from the West congregated, while Hangchow does not seem to have come to the front until the end of the tenth century, for it was only in 999 that a customs house was established there. See Chau Ju Kua, *op. cit.*, pp. 15, 20. See also *Géographie d'Édrisi* (P. Amédée Jaubert's translation), 2 vols., Paris, 1836, tome i, pp. 84-85, 90.

<sup>1</sup>Reinaud, *Relation des voyages faits par les Arabes et les Persans dans l'Inde et à la Chine dans le IX<sup>e</sup> siècle de l'ère chrétienne* (2 vols., Paris, 1845), tome i, p. 13.

<sup>2</sup>*Vide supra*, p. 22.

<sup>3</sup>Text and translation given in Reinaud, *op. cit.*, tome i, pp. 12 *et seq.*

piracy and shipwreck, to which vessels engaged in the trade often fell victims. East bound ships sailed from Siraf on the Persian Gulf, and upon reaching Canton they placed their cargo in the hands of the Chinese officials, who stored it up until all the ships of the season had arrived, and who then, after retaining 30 per cent of it as import duty, put the merchandise at the disposal of its owners. Under this system all traders were placed on as equal a footing as possible, for no one, by reaching the scene first, was permitted to skim the cream of the market, thereby causing loss to those who might have been delayed by stress of weather or who had to come from a greater distance. Should the Emperor desire to obtain any particular article for his own use he was obliged to pay for it the highest price in cash. According to Soleyman, the chief products brought into China were ivory, frankincense, copper, tortoise shell, camphor, and rhinoceros horns.

Speaking of the freedom and protection accorded to all travelers, whether native or foreign, in the time of the Tang dynasty, Ibn Wahab observes the following:

If a man would travel from one province to another, he must take two passes with him, one from the governor, the other from the eunuch (or lieutenant). The governor's pass permits him to set out on his journey and contains the names of the traveller and those also of his company, also the ages of the one and the other and the clan to which he belongs. For every traveller in China, whether a native or an Arab, or other foreigner, cannot avoid carrying a paper with him containing everything by which he can be verified. The eunuch's pass specifies the quantity of money or goods which the traveller and those with him take along; this is done for the information of officers at the frontier places where these two passes are examined. Whenever a traveller arrives at any of them, it is registered that "Such a one, son of such a one, of such a calling, passed here on such a day, month, and year, having such

things with him". The government resorts to this means to prevent danger to travellers in their money or goods; for should one suffer loss or die, everything about him is immediately known and he himself or his heirs after his death receive whatever is his.<sup>1</sup>

As the southern sea trade increased it was impossible to confine it to the single port of entry at Canton; so sometime about the ninth century it was partially transferred to Ts'uanchow in the province of Fukien, which had already had several hundred years of commercial intercourse with Japan and Korea. The advantage of trading here was that one could obtain Korean and Japanese goods, besides getting Chinese products too far out of the reach of Canton. By the eleventh century Ts'uanchow became a very strong rival of Canton and under its Arab name of Zaytun it was widely known in the Middle Ages.<sup>2</sup> Nevertheless, relations did not always remain peaceful and on several occasions trade was suspended.

Towards the end of the ninth century the Empire lapsed into a state of anarchy; and throughout the period which intervened between the fall of the Tang dynasty and the rise of the Sung—that is to say, during the greater part of the tenth century—the growth of the foreign trade of China was seriously impeded, for the staple industries of the country were destroyed. In one of the formidable rebellions the provinces of Chekiang, Fukien, and Kwangtung were overrun by rebels, who sacked and ravaged a large number of cities. Speaking of the capture of Khanfu, that is, Canton, in 877, the Arab geographer Abu Zaid tells us that on

<sup>1</sup> Reinaud, *op. cit.*, tome i, pp. 41-42. English quotation given in S. W. Williams, *Middle Kingdom* (New York, 1901), vol. ii, pp. 425-6.

<sup>2</sup> An account of the mediæval trade of Ts'uanchow and its neighboring port of Changchow is given in *T'oung Pao* (1895), vi, pp. 449-463; (1896), vii, pp. 223-240.

that occasion, besides the Chinese who were massacred, there perished one hundred and twenty thousand Moham-medans, Jews, Christians, and Magians, or Parsees, all engaged in commerce. This indicates the significance of the trade at that time. On account of the unsettled conditions in China, most of the foreign traders at Canton and Ts'uan-chow fled to Kalah on the west coast of the Malay Peninsula, where Chinese ships met those from Siraf and Oman. This situation lasted until the beginning of the tenth century, if not later. It is interesting to observe that many of the families in distant Siraf and Oman were ruined by the troubles in China.

With the establishment of the Sung dynasty (960-1280) the period of internal disturbance was temporarily brought to a close, and active trade was soon restored. Collaborating with Rockhill, Professor Hirth, who is the foremost authority on the sea trade during the Sung era, remarks :

At the end of the tenth century Canton and Ts'uanchow had revived, for we learn that at that time they carried on direct trade with the Arabs, the Malay Peninsula, Tongking, Siam, Java, Western Sumatra, Western Borneo, and certain of the Philippine Islands. though, of course, the products of many other countries of the south and south-west were brought there too. The annals of the Sung dynasty<sup>1</sup> supply a list of the principal articles of this trade, imports and exports, in or about 999. They were gold, silver, Chinese cash, coined money, lead, piece-goods of all colours, porcelain-ware, cotton fabrics, incense and scented woods, rhinoceros horns, ivory, coral, amber, strings of pearls, steel (*pin-t'ie*), shells of turtles, tortoise-shell, cornelians, *ch'ö-kü* shell, rock-crystal, foreign cotton stuffs, ebony and sapan wood.<sup>2</sup>

<sup>1</sup> *Sung Shih*, vol. 186, p. 18b.

<sup>2</sup> Chau Ju Kua, *Chu Fan Chi* (Hirth and Rockhill's translation), St. Petersburg, 1911, pp. 18-19.

Recognizing the profitableness of this trade, the Chinese Government proclaimed it a public monopoly at the close of the tenth century, and instituted an active propaganda to encourage its development by sending abroad duly accredited representatives with supplies of gold and piece-goods with which to win the good-will of the traders of the South Seas, and by issuing special trading licenses to importers. The results of this governmental interference with the normal course of supply and demand soon became apparent; goods began to flow into the Imperial warehouses in large quantities, but it was hard to find enough buyers for them. Accordingly, the local government officials were instructed to secure a market for the merchandise by offering handsome inducements.

An idea of the rapid growth of this traffic may be gathered from the Sung chronicles,<sup>1</sup> which tell us that while from 1049 to 1053 the annual importation of elephants' tusks, rhinoceros horns, strings of pearls, aromatics, incense, *etc.*, exceeded 53,000 units of account, the yearly amount rose to over 500,000 units in 1175. Just what was the value of these imports cannot be ascertained, for we do not know the precise variations of the different units of account, but it is, nevertheless, clear that the trade had increased immensely under the fostering care of the Government.

In order to keep pace with this commercial expansion, persistent efforts were also made to improve and to augment the port facilities of the Empire. Consequently, the Canton Inspectorate of Maritime Trade, which was first mentioned in the eighth century,<sup>2</sup> was remodelled, in 971, for more efficient service. A General Customs Collectorate was inaugurated at the capital some time before 998, and in

<sup>1</sup> *Sung Shih*, vol. 186, p. 19.

<sup>2</sup> *Vide supra*, p. 22.



999 customs houses were opened, "at the request and for the convenience of the foreign officials," at Hangchow and Ningpo—known as Mingchow in those days—in the province of Chekiang. Later on, in 1087, a similar organization was established at Ts'uanchow in Fukien, which was already a worthy competitor of Canton.

There existed a choice between the different ports of entry; whether one place was to be preferred above the others depended upon the treatment given to the traders by its customs authorities. Other things being equal, patronage was always extended to that port which imposed the lowest charge. In spite of these rivals, Canton successfully maintained its ancient superiority as a trading center, although, like the rest, it encountered periods of decline as well as of prosperity.

Furthermore, the trade was subjected to very stringent regulations. Sometime during the years 976 to 983 the Government undertook to control it entirely, and independent trading without official sanction was severely punished, the offender being branded on the face and banished to some island of the sea. Shortly after this, all importers of foreign aromatics and articles of value, such as jewels, ivory, rhinoceros horn, amber, ebony, coral and the like, were required by law to deposit such merchandise in the Government storehouses. This measure was adopted because of the high market value of those imports and of the big and increasing demand for them. Moreover, the trade in jewels, aromatics, *etc.*, was prejudicial to China, for it caused a constant drain on the metallic currency of the Empire, more particularly copper cash. The outflow of money proved so serious by the middle of the twelfth century that various steps were taken by the Government to check it, such as the imposition of restrictions on the foreign trade. The above rule applied not only to the various ports of

entry in China, but also to Kiauchi (*i. e.*, the modern Tongking), which at that time was an integral part of the Kingdom.

The Government derived a considerable revenue from this trade, because it imposed an import duty, which, in general, amounted to 30 per cent of the goods. That this share of the profits was large is shown by the fact that the import duties in 1175 reached a total of over 500,000 units of account—a sum which had probably been collected for a number of years previous to that date. This high tariff originated, as we have seen,<sup>1</sup> in the middle of the ninth century, and, with occasional reductions,<sup>2</sup> it continued in operation for several hundred years thereafter. Practically no trader dared to violate this regulation, for any attempt to smuggle any part of a ship's cargo, however small, was punished by the confiscation of the entire cargo, besides the chastisement of the transgressor in proportion to the gravity of the offence. However, duties on luxuries like pearls were often evaded; such articles were illegally brought into the country by concealing them in the lining of clothes or in the handles of umbrellas. It is recorded that the Arab merchants were specially favored in 1017 by a rebate of half of the duties "charged on foreign trades."

Coming to the twelfth century we find that the traders were limited in their operations, by usage, if not by law, to Canton and Ts'uanchow. In 1132 the Inspectorate of Maritime Trade at Ts'uanchow was closed. But with a view to facilitate traffic all internal taxing stations were abolished in 1156; and a year later the Hoppo of Canton was ordered to test carefully the authenticity of all so-called "tribute-bearers," the majority of whom were merely impostors.<sup>3</sup> In 1166 the customs service at the two ports in

<sup>1</sup> *Vide supra*, p. 25.

<sup>2</sup> *Vide* Chau Ju Kua, *op. cit.*, p. 22

<sup>3</sup> *Vide supra*, p. 17.

Chekiang was also discontinued.<sup>1</sup> In 1173, and again nine years afterwards, the foreign merchants were "restricted in their dealings with bullion"; and the Korean and Japanese traders were similarly treated in their copper "cash" transactions in 1199.

Up to the twelfth century the method of sailing ships was exceedingly crude; "the skippers trusted, when venturing out of sight of land, to the regularity of the monsoons and steered solely by the sun, moon and stars, taking, presumably, soundings as frequently as possible."<sup>2</sup> By the twelfth century, however, a notable advance had been achieved in the science of navigation through the introduction of the mariner's compass. Although the Chinese had very long been aware of the polarity of the magnetic needle, which they call the "south-pointing needle," yet there is no evidence that they had ever used the instrument for nautical purposes previous to this period. With this improvement in navigation, the Chinese sea-going junks made more distant voyages and reached as far as Quilon on the Malabar coast, if not farther. This growing junk traffic was not long left untouched by state regulation, for we are told that rules governing it were formulated in 1141.

In addition to the almost insurmountable dangers of navigation, these early maritime traders had to undergo countless other hardships. For instance, if a ship accidentally got off her course and sailed into a port which was not her intended destination, the inhabitants of the place would at once confiscate both the ship and the cargo, as well as enslave everybody on board. Moreover, they had to meet the "insatiable demand for presents" by the authorities in

<sup>1</sup> The ports which had been closed to foreign trade in the latter part of the Sung dynasty were reopened when the Mongols became the rulers of China. Cf. *T'oung Pao* (1914), xv, p. 423.

<sup>2</sup> Chau Ju Kua, *op. cit.*, p. 28.

foreign ports, and since these demands were uniform regardless of the amount of the cargo, it was profitable to trade only when the vessel was large.

The situation at the beginning of the thirteenth century is stated by Parker in the following words:

The Chinese had then acquired a knowledge of the African coast<sup>1</sup> down to Zanzibar, the Red Sea, and even (to a limited hearsay extent) of Egypt and Sicily. The great centre of Arab trade in the Far East was Sarbaza, or the modern Palembang in Sumatra, between which place and the coasts of Fokien Chinese junks plied regularly with the two monsoons, carrying their cargoes of porcelain, silk, camphor, rhubarb, iron, sugar, black dwarf slaves, and precious metals to barter at Palembang for scents, gems, ivory, coral, fine swords, prints, textile fabrics, and other objects from Syria, Arabia, and India. Cochin-China—probably “Faifo” near the modern Tourane—joined in this trade as a sort of half-way house, but levied the heavy charge of 20 per cent upon all imports. It is specifically stated that there was no foreign trade with the northern part of the peninsula, *i. e.*, what we now call Tongking. After Palembang the most important trade centres were Lambri (Acheen), and ports in Java, Borneo, and perhaps Manila.<sup>2</sup>

To this we may add that there also existed a brisk trade with Japan and the Loochoo Islands (Liukiu). The demand in Japan for Chinese goods at this period was considerable, and brocades, damask, “Indian” ink, matting and stoneware were shipped there in large quantities. In return for these articles the Japanese sent rice and marine

<sup>1</sup> An account of the early Chinese notices of the East African territories is to be found in *The Journal of the American Oriental Society* (1909), xxx, pp. 46-57.

<sup>2</sup> E. H. Parker, *China: Her History, Diplomacy and Commerce* (London, 1917), p. 57.

products to China. But later on the intercourse between the two neighbors was interrupted by the repeated attempts of the Mongols to invade Japan in the second part of the thirteenth century; this aggressive campaign, which proved abortive in the end, was conducted by Kublai Khan, whose martial ardor was still unabated by his annexation of China.

It was during the sway of the Mongols that the first real knowledge of China reached Europe, to which it had been a *terra incognita* up to that time. The conquests of the mighty Genghis Khan and his successors led to the free opening of the principal trade routes of the West, and to the visit of travelers from Europe, whose jottings familiarized the peoples of that continent with the wealth and importance of Cathay in mediæval days. During the first half of the thirteenth century the frightful ravages of the Tartars in the regions between the Caspian and the Mediterranean were causing great alarm among the European potentates. For the purpose of admonishing the merciless invaders to cultivate greater compassion, Pope Innocent IV sent, in 1245, a Franciscan monk, John of Plano Carpini, with a letter of remonstrance to the Mongol chief. About eight years later William Rubruk, another Franciscan friar, was despatched by Louis IX of France on a proselytizing mission to the Tartar conquerors. Although neither Carpini nor Rubruk penetrated into China, yet they and their companions were, as Colonel Yule remarks, "the first to bring to Western Europe the revived knowledge of a great and civilized nation lying in the extreme East upon the shores of the ocean."<sup>1</sup>

While Kublai Khan, the grandson of Genghis, was sitting on the Chinese throne (1260-1295) an illustrious Venetian family visited the Celestial Kingdom, and they fared better

<sup>1</sup> Colonel Sir Henry Yule, *Cathay and the Way Thither* (new ed., revised by Henri Cordier), London, 1915, i, p. 156.

than their ecclesiastical predecessors in that they succeeded in reaching China. They were the three Polos — Nicolo, Matteo, and Marco—nobles and merchants of Venice, who were warmly received by the Khan, in whose eyes Marco, the son of Nicolo Polo, soon found special favor. Recognizing the zeal and cleverness of the young Venetian, his patron commissioned him to various official positions, and finally appointed him Governor of Yangchow, on the Yangtse, for three years. These distinguished visitors spent seventeen years together in China, during which period they traveled to many parts of the country; and upon their return to Venice in 1295 they spread much interesting information regarding the Chinese Empire. The picture of China, depicted by Marco Polo with great sagacity and accuracy of observation, was so full of splendor that it lured generations of travelers and navigators to make persistent efforts to reach the Eastern wonderland by new routes; and Columbus was attempting to find not a new continent but a shorter highway to Cathay when he discovered America.

Just as the Venetian trio were on their way home, John of Monte Corvino, a Franciscan friar, reached China to propagate the Roman Catholic faith. With his untiring efforts he succeeded in winning numerous converts; and Christianity flourished under the immediate patronage of Kublai Khan. Encouraged by the success of the mission, the Pope despatched more monks to the field from time to time. Among these missionaries special mention may be made of Friar Odoric (1286-1331), who traveled through China during the first half of the fourteenth century, and whose narrative<sup>1</sup> contains many curious notices of Cathay in the Middle Ages.

The increasing knowledge of the wonderland of the East,

<sup>1</sup> Yule, *Cathay*, vol. ii.

carried back to the West by these pioneer travelers, led, in the beginning of the fourteenth century, to the appearance in China of merchants from Genoa and Florence. This commercial intercourse grew as time went on, and by the middle of the century there existed a fairly large trade between Europe and the Celestial Empire. The traffic was a very valuable one, and so interested were the European merchants in its development that Francisco Balducci Pegolotti, a factor of the great Florentine house of Bardi, compiled, in 1340, a commercial handbook<sup>1</sup> in which is to be obtained "full and minute information as to the trade of the different Chinese markets, the routes thither to be followed, the currencies of the different countries traversed, and the paper money of Cathay." That the trade was not small is further proved by the fact that in illustrating his calculation of the expenses of a mercantile journey to Cathay the author took as his example that of a merchant carrying some £12,000 worth of goods.<sup>2</sup>

Contemporary with these European travelers there were important mediæval visitors from other countries, but space permits us to refer only to the name of Ibn Batuta, the versatile Moor, who has given us important, though occasionally inaccurate, accounts of the centers of trade in China, which he visited in 1347-1348.<sup>3</sup>

The commercial relations with the Eastern Archipelago and the coasts of the Indian Ocean, which attained their greatest extension in the southern Sung dynasty, continued during the fourteenth century.<sup>4</sup> The trade with Japan,

<sup>1</sup> For an account and extracts of the Handbook see Yule, *Cathay*, iii, pp. 137-173.

<sup>2</sup> *Ibid.*, p. 153.

<sup>3</sup> *Ibid.*, iv, pp. 80-150.

<sup>4</sup> Cf. *T'oung Pao* (1913), xiv, pp. 473-476; (1914), xv, pp. 419-447; (1915), xvi, pp. 61-159, 236-271, 374-392, 435-467, 604-626.

which had been brought to a standstill by the Mongol invasion of the thirteenth century, was revived in the second quarter of the fourteenth, when the Japanese despatched two ships laden with goods to trade with their continental neighbor. This renewal of relations was, however, only shortlived, for not long after the restoration, the communication between the two empires was again discontinued, on account of the overthrow of the Mongols in China, as indicated below, and also because of the marauding expeditions of the Japanese pirates and adventurers who raided the Chinese coasts. But the intercourse was resumed once more during the opening years of the Ming dynasty (1368-1644), and from this there soon resulted a trade of considerable importance. The Japanese traders at this time were accorded the most liberal treatment by the Chinese, and they reaped a large gain from the transaction. The islanders brought with them swords, fans, screens, copper, agate, and lacquer wares to exchange for Chinese articles, chief of which were brocades and other silk fabrics, jade, fragrant woods, and ceramic productions.

Soon after the middle of the fourteenth century the power of the Mongols, who had lost much of their martial spirit through assimilating the Chinese civilization, was fast on the wane; and when their dynasty (Yuan) collapsed in 1368, China underwent a period of great internal disorder, which paralyzed, for a long time, not only ecclesiastical missions, but also foreign commerce. The entrance into the Celestial Empire, both by land and by sea, was blocked. The trans-Asian routes from Syria to Kansu on the north and from Burma to Yunnan on the south were rendered impassable by the struggles between the Mings and the Mongols, who made desperate attempts to regain their control over China. Moreover, the unprecedented marine activity of the Chinese in the South Seas during the



early sway of the Ming dynasty was not such as to stimulate commercial intercourse with the West. Fleets of Chinese junks, amply provided with troops, ammunition, and funds, sailed (in 1405) under the command of the renowned eunuch, Chêng Ho, and reached as far as the coasts of Arabia and Africa. They bore the Chinese flag to the various countries of the South Seas and for some time tribute was regularly received by the court of China from Arabia, Malabar, Ceylon, Sumatra, the Malay states, Siam, Java, Borneo, Sulu, Loochoo, and numerous other petty powers.<sup>1</sup>

Aided by this overlordship China succeeded in extending her mercantile interests in the seaboard states lying to the south of her; and for a century or so her trade with that region enjoyed prosperity. But, unfortunately, her commercial relations with the Western world were at a standstill during the whole of the fifteenth century, and it did not revive until the beginning of the sixteenth, when the Portuguese and Spanish adventurers commenced to visit the lucrative markets of the extreme East.

From the foregoing pages it will be seen that up to the opening years of the sixteenth century the general attitude of the Chinese towards aliens was exceptionally liberal and even hospitable. Strangers were received with cordiality, their commerce was encouraged, and no prejudice was shown against the practice or propagandism of their religions, however peculiar they might be. As a matter of fact, foreigners were placed on practically the same footing as the Chinese themselves; official positions were open to them, and they enjoyed the ample protection of the Imperial Government. In other words, the Chinese originally

<sup>1</sup> For an account of the Chinese intercourse with the countries situated on the Indian Ocean and those of Central and Western Asia during the fifteenth century. *cf. The China Review*, iii, pp. 219-225, 321-331; iv, pp. 312-317; v, pp. 13-40, 109-132, 165-182, 227-241.

evinced none of the exclusive propensities with which they were finally associated in a very conspicuous manner. Such generosity has certainly never been accorded to outsiders by any other country in the world.

But it must be remembered that the period under our survey was one in which foreigners within the Celestial Empire, whether engaged in trade, or in missionary work, or merely as travelers, acknowledged her sovereignty as absolute; they complied fully with her manners and customs, and claimed no extraterritorial immunities inside her borders. It was, in a word, the whole era before the Occidental people had become intolerant of things Oriental, and had begun to assume an attitude of aggressive superiority in their dealings with the nations of the East.

## CHAPTER II

### THE EARLY TRADE RELATIONS WITH THE EUROPEANS (1500 TO 1833)

The veil which overshadowed China's relations with Europe for a century and a half began to be lifted soon after the opening of the sixteenth century. Foreigners gradually returned to the long-forsaken field, and trade and religion revived. Referring to the arrival of some of these early adventurers, a Chinese work records:

During the reign of Chingti (1506), foreigners from the West, called Fahlangki (Franks), who said that they had tribute, abruptly entered the Bogue (on the Canton River), and by their tremendously loud guns, shook the place far and near. This was reported at court, and an order returned to drive them away immediately and stop their trade. At about this time also the Hollanders, who in ancient times inhabited a wild territory and had no intercourse with China, came to Macao in two or three large ships. Their clothes and their hair were red; their bodies tall; they had blue eyes, sunk deep in their heads. Their feet were one cubit and two-tenths long; and they frightened the people by their strange appearance.<sup>1</sup>

Just exactly who these outrageous strangers were is hard to tell, but it is sufficient for our purpose to know that even as early as the first decade of the sixteenth century foreigners from the Occident began to make practical display of masterful ways and commit acts of violence in order to

<sup>1</sup> Quoted by S. W. Williams in his *Middle Kingdom*, vol ii, p. 427.

secure entrance into the Chinese territory, thereby giving the Chinese people a very unfavorable impression of the Europeans.

The honor of inaugurating direct trade between Europe and the Celestial Empire was, however, left to the Portuguese, who, having rounded the Cape of Good Hope, carried their national colors to the portals of the Far East. In 1516, five years after the occupation of Malacca, Rafael Perestrello reached China in a junk, and distinguished himself as the first person who ever conducted a vessel to the shores of China under an European flag. This expedition proved very successful and in the ensuing year the Portuguese at Malacca launched an enterprise on a more imposing scale. A fleet of eight merchantmen was despatched under the command of Fernando Perez de Andrade; the vessels entered Canton waters and were permitted to anchor at Shangchuan (or St. John's Island)—the ultimate point reached by the famous apostle of the East, St. Francis Xavier, who died there in 1552. By his justice and moderation Andrade succeeded in winning the good opinion of the local authorities at Canton, who were then as ever willing to encourage commerce with the outer world. Andrade's brother, Simon, arrived in the next year, and with his squadron forced his way to Shangchuan, where he erected a fort, after having founded a colony. He was finally driven from his stronghold, but he continued to infest the Chinese coast as a pirate, and by his career of rapine and violence gave the Chinese the impression that the Portuguese were attempting to subdue even the Celestial Kingdom.

However, the subjects of the King of Portugal did not abandon their commercial operations with China. Expeditions were sent to the coast of Fukien and trade was established at Foochow and Amoy; a trading post was also

opened up at Ningpo. But the Portuguese behaved still worse at those places, and committed all sorts of disgraceful acts, which inevitably brought great discredit on the name of the foreigners who were soon to join them in the Chinese market. Thus writes Douglas :

There (*i. e.*, at Ningpo) the conduct of the foreigners had been infamous. They outraged every law and set the feelings of the people at defiance. They refused to submit to the native authorities, and on one occasion in revenge for one of their number having been cheated by a Chinaman they sent an armed band into a neighbouring village and plundered the natives, carrying off a number of women and young girls. By such deeds they brought down on themselves the vengeance of the people, who rose and massacred eight hundred of the offenders and burnt thirty-five of their ships (1545). At Chin-chow (or Ts'uanchow) in the province of Fukien they invited disaster by similar misconduct (1549).<sup>1</sup>

Although the Portuguese were expelled from Canton, they succeeded, in 1537, in establishing three settlements in the neighborhood of the city, one at Shangchuan, one at the small island of Langpehkau (Lampaçao), and a third at Macao. This last was begun under the pretext of building sheds for the purpose of drying goods which were fraudulently brought into the country as tribute, and which were supposed to have been damaged in a storm. In 1557 the Portuguese were permitted to settle in Macao upon the payment of an annual rental,<sup>2</sup> and it was only by repeated bribery that they were able to maintain their position there. In 1573 the Chinese Government built a barrier wall to

<sup>1</sup> Douglas, *Europe and the Far East*, p. 11. Cf. *The China Review*, xix, pp. 42-51 for an account of the early Portuguese trade in Fukien.

<sup>2</sup> The amount was T 1,000 at the beginning; then from 1691 until sometime after 1740 it was reduced to T 600; and thereafter it was only T 500.

shut in the settlement, and fourteen years later it established a civil magistracy to govern the Chinese and to collect all governmental dues. This arrangement lasted down to 1849, when Governor Amaral declined to pay the yearly rent and expelled the Chinese authorities from the peninsula. But China refused to recognize the usurpation of sovereignty at the time and it was not until 1887 that she admitted the independence of Macao. During the eighteenth century and a part of the nineteenth Macao was the chief emporium of the foreign trade in China, but the later commercial supremacy of Hongkong, which was ceded to Great Britain by China in 1842, has brought it down to its present state of decay.

No less than five Portuguese embassies were despatched to China during the sixteenth, seventeenth and eighteenth centuries, but they did not succeed in achieving any tangible result. The first Portuguese envoy, Thomé Pires, was sent by the Governor of Goa. Accompanying Fernando de Andrade, he reached Canton in 1517, where he was accorded a royal welcome. The mission was reported to the court at Peking and the Chinese Emperor was inclined to receive Pires as a duly accredited ambassador; but the receipt of the news regarding the prolonged depredations of Simon de Andrade and his band of desperadoes caused Chingti to change his mind. Instead of giving an audience, the Emperor ordered that Pires' credentials be examined, and when they were found spurious, the Portuguese envoy and his suite were sent back to Canton to be kept in confinement until Malacca was restored to its legitimate ruler, who was nominally a tributary of China. Failing to comply with this demand, Pires and others "suffered death in September, 1523; other accounts led to the inference that he died in prison."<sup>1</sup> The second mission was under-

<sup>1</sup> Williams, *Middle Kingdom*, ii, p. 429.

taken by the celebrated St. Francis Xavier in 1552, but it got no farther than Malacca, whose Portuguese governor stopped the project. The next, also from Goa, was despatched in 1667, to protest against the suspension of the trade of Macao by Emperor Kanghi; but nothing was achieved. A fourth reached Peking, in 1727, where it found a warm reception, but gained no advantage; and the fifth, in 1753, fared no better. For a long time after the last embassy the Portuguese had very little communication with official China, and it was only in 1887 that a treaty of amity and commerce was concluded with the Chinese Government.

From the Portuguese we pass to their neighbors, the Spaniards, who came to China from the Philippines, which were conquered by the Spanish Admiral Legaspi in 1543. Their first attempt to open intercourse with the Chinese was undertaken in 1575, when two Augustine friars arrived at Canton, with the object of preaching to the people. Although they were well received by the local officials of the city, yet they had to return to their headquarters *re infecta*; the reason for this is that after the bitter experience with the atrocious conduct of the Portuguese, the Chinese felt less disposed to enlarge their acquaintance with the Western world. Five years later, in 1580, an official embassy was sent to Peking by Philip II, but, owing to misunderstanding on the part of the Chinese officers, it was detained at Canton, whence it finally got back to Manila. This mission was the only one ever despatched by the Spanish Government to China until the embassy of 1847, which led to the treaty of 1864.

The trade with the Spaniards was carried on under the fostering care of the Chinese themselves, particularly the Fukien merchants, who had long been in the habit of trading between Manila and the Fukien ports of Amoy, Ts'uan-

chow and Foochow. The Chinese population in the Philippines multiplied greatly as time went on, and so successful and predominant had they become in 1603, that the Spaniards, fearing lest the Chinese might get to be too powerful, inaugurated a horrible massacre in which few, if any, of the 20,000 Chinese settlers in the islands escaped death. Nevertheless, swarms of adventurers from the Middle Kingdom continued to visit the Philippines, lured there by the wealth of the Spaniards, who had obtained large quantities of silver from Mexico with which to pay for the various Chinese imports. The number of Chinese again increased, and by 1639 reached a total of 33,000. Influenced by rapacity and jealousy, the Spanish organized a second massacre and killed two-thirds of the Chinese immigrants. After this outrageous barbarity their numbers were limited to 6,000, and each of them was required to pay a poll-tax of six dollars; other hindrances were also placed in their way in order to check the growth of "a people whose commercial activity was of the greatest value to the settlement."<sup>1</sup> Such cruelty and oppression served as an object lesson to the officials of China as to how strangers from over the seas should be treated. One sinologue writes:

The harsh treatment of Chinese settlers there (*i. e.*, at Manila) excited the attention and indignation of one of their countrymen many years ago, and on his return to Canton he exercised all his influence with officers of his own government, making what he had seen the model and the motive to induce them to treat all foreigners at Canton in the same way. It ended in perfecting the principal features of the system of espionage and restriction of the Cohong which existed for nearly a century, until the treaty of 1842;—another instance of the treatment requited upon foreigners for their own acts.<sup>2</sup>

<sup>1</sup> R. M. Martin, *China: Political, Commercial, and Social* (London, 1847), vol. i, p. 379.

<sup>2</sup> Williams, *op. cit.*, ii, pp. 432-433.



The third to make their *début* in the Chinese market were the Dutch. Having freed themselves from the Spanish yoke, the men of Holland sailed eastward with a view to capturing the promising trade of China from the Portuguese, whose country was then an integral part of the Spanish realm. They made several attempts to establish commercial relations with the Celestial Empire in 1604 and 1607, but nothing was accomplished, on account of the instigation of the Portuguese, who represented them as pirates. In 1622 they appeared off Macao with a fleet of seventeen ships, and, not knowing the political status of the settlement, perhaps, attacked the place. Repelled with heavy loss, they proceeded to occupy the Pescadores, a group of islands situated between the mainland and Formosa. There they erected forts, and "forced the native Chinese to do their work, treating them with great severity."<sup>1</sup> Using the Pescadores as their base of operations, they raided the Chinese coast and plundered the junks they met, besides committing other atrocities in the name of the English. But two years after their occupation they were ejected from the islands by the Chinese and forced to settle in Formosa, where they established several colonies. At this time the Ming dynasty was tottering to its fall before the inroads of the Manchus, and the troubles that grew out of this political upheaval caused many thousands of Chinese families to emigrate to Formosa. This influx of settlers from the mainland was of great benefit to the development of the island and the Dutch did not object to it at first; but when the Chinese began to arrive in increasing numbers they were alarmed and endeavored to check their landing. This produced, of course, much ill-feeling among the Chinese colonists against the Hollanders and led to the final expulsion of the latter from the island.

<sup>1</sup> Williams, *op. cit.*, ii, p. 433.

In 1653 the Dutch again tried to open trade at Canton, but the opposition of their Portuguese rivals prevented them from achieving the objects of their expedition; they were, however, advised to send an embassy to Peking. This they did in 1655, when Peter de Goyer and Jacob de Keyser were appointed as envoys. The mission reached the Chinese capital a year later and was received; the ambassadors and their suites acquiesced completely in all the requirements of the court etiquette of China, performing every form of homage and humiliation before the Emperor. At this period the Dutch were traders above everything and they were ready to sacrifice many things upon the altar of commercial expediency. In Formosa they forsook the successful propagandism of the Christian religion for the sake of trade;<sup>1</sup> in China they hoped that by obsequiously following the degrading ceremonies they would be able to put their trade in that country on a better footing, just as a similar method had obtained exclusive trading privileges for them in Japan.<sup>2</sup> But the only advantage secured by the first mission was the permission to send an embassy with four ships to trade once in eight years. Two other embassies were despatched to the Middle Kingdom, one in 1664 and the other in 1795; they, too, complied with the humiliating demands of the Chinese court, but gained no better results. This kind of treatment formed "a fitting end to a career begun in rapine and aggression toward the Chinese, who had never provoked them."

The Dutch were driven from Formosa in 1662 by the formidable chieftain, Cheng Cheng Kung, better known as Koxinga, who was a partisan of the Ming dynasty. Koxinga attacked the island with a force of twenty-five thousand troops and besieged the garrison of Fort Zealandia.

<sup>1</sup> *Vide Williams, op. cit.*, ii, p. 434.

<sup>2</sup> *Vide Brinkley, Japan*, vol. vi, pp. 167-170.

which was compelled to surrender at the end of nine months; thus the Dutch rule in Formosa was overthrown. In 1663 the Hollanders assisted the Manchus in completely subjugating the province of Fukien by capturing Amoy, which was Koxinga's continental base. A year later they sent a trading expedition to Foochow, and for the next century they carried on a small and irregular trade on the coast of Fukien; it was not until 1762 that they decided to trade at Canton. The treaty which put them on the same footing as the other countries was signed in 1863.

The English were the next to enter the commercial arena of the Chinese Empire, and as this intercourse dominated the foreign affairs of China from the end of the seventeenth century, we shall survey it at some length. Prompted by the spirit of her time, Queen Elizabeth ventured, in 1595, to send a letter to the Emperor of China. Unfortunately, the mission failed to reach its destination, the ships having met an unknown fate on the voyage out. In 1614 the English East India Company made an attempt to open direct communication with China. At this time the English and the Dutch East India Companies in India and Japan were strong commercial rivals and the friction between them was so considerable that the British and the Dutch Governments, with a view to achieving harmony and cooperation between their traders in the East, concluded, in 1619, an alliance of defence, by which the two countries agreed to unite their forces in compelling the Chinese to trade with them alone. This object was expressly stipulated in Article 10 of the supplement to the treaty thus:

Touching the question where and in what place ships of defence shall be first employed, . . . the defence shall be employed for the gaining of the trade to China. And to that end the fleet shall be sent to the Philippines, there to hinder

and divert the Chinese that they shall not traffic with any others but with us.<sup>1</sup>

Nevertheless the Hollanders did not keep their promise, for after occupying the Pescadores, they took the trade to themselves. The English Company at Batavia protested against the infringement, but without avail. Thus, the treaty was not put into effect, but it is significant for us to note that from the very beginning of their intercourse with the Chinese, the English had intended to resort to coercion for the purpose of securing a foothold in the Celestial Empire.

The first real attempt to establish commercial relations with China was not made before 1637, when Captain John Weddell reached Macao with a squadron of five ships, by virtue of "a truce and free trade" which had been entered into between the English merchants and the Governor of the Portuguese colony of Goa, who granted licenses to trade in Chinese waters and letters of introduction to the Governor of Macao. But the Portuguese officials at Macao refused to recognize the authority of the Governor of Goa, and did what they could to frustrate the efforts of the newcomers. Disappointed at Macao, Weddell proceeded to Canton with his whole fleet and anchored in the neighborhood of the Bogue forts, where he asked permission to trade. The authorities at Canton were very favorably disposed and would have granted the requisite leave had it not been for the Portuguese, who, being desirous of keeping their monopoly intact, misled the Chinese by representing the intruders to be "rogues, thieves, and beggars." Suspicious as to the ulterior motives of these pioneer Englishmen, the Canton officials decided to confer no trading

<sup>1</sup> Quoted in A. J. Sargent, *Anglo-Chinese Commerce and Diplomacy* (Oxford, 1907), p. 3 n

privilege upon them and to drive them away from the coast. Accordingly, Weddell's fleet was fired on from the forts when it tried to enter the river; but the English returned fire, and after capturing the batteries they looted Chinese junks and towns. Then the British commander went up to Canton and he was allowed to trade by the local officials, who had, in the meantime, learned of the Portuguese intrigue; so when the captured guns and ships were restored, the newcomers were permitted to dispose of their merchandise and to secure, in return, a cargo of sugar and ginger.

Having obtained what he had wanted, Weddell sailed home with his vessels, and no further effort to renew relations ensued for the next twenty-seven years, during which interval the foreign trade of China suffered on account of the internal disturbances resulting from the overthrow of the Chinese rulers by the Manchu Tartars. Besides, it is to be remembered that the commercial progress of England at this time was greatly obstructed by the civil and religious wars under the Stuarts. However, the East India Company despatched a ship to Macao in 1664, but the Portuguese again succeeded in throwing obstacles in the way of their English rivals, and the latter were obliged to return without getting a cargo. Ten years later another ship was sent to the same destination, but the attempt fared no better than the preceding venture.

Unsuccessful at Macao and Canton, the English turned their attention northward; and in 1670 they established trade at Amoy and Formosa, where a treaty was signed with Koxinga's son. By this agreement freedom of trade was guaranteed and favorable tariff conditions were secured. The Amoy trade was the more profitable of the two, and it encouraged the Company to send another vessel in 1677. In the following year, 1678, "the investments for these two places were \$30,000 in bullion and \$20,000 in goods; the

returns were chiefly in silk goods, tutenague, rhubarb, etc.”<sup>1</sup> The trade continued with good profit for a few years, but owing to the restrictions imposed by the Manchu officials, it soon became unproductive. In this case the new rulers of China were displeased with the English, because the latter allied themselves with a chieftain who refused to recognize the authority of the Peking Government. Under such circumstances no nation would have looked upon the English with favor. In 1681 trade was discontinued at Amoy and Formosa, but it was resumed at the mainland port in 1685. The traffic at Formosa was, however, not renewed as the island was conquered by the Imperial forces in 1683.

On account of Portuguese opposition the English did not succeed in getting a foothold at Canton before 1684. Commenting upon this action of the Portuguese Davis writes:

In the progress of all these trials one of the most striking circumstances is the stupid pertinacity with which the Portuguese of Macao excluded English ships from that port; and the perfidy with which they misrepresented their supposed rivals to the Chinese, with a view to prevent their getting a footing at Canton. . . . Their systematic policy has been to attribute motives to the English which should injure them with the provincial government.<sup>2</sup>

It may be added, as Brinkley states:

The methods of the Portuguese must have helped to discredit all foreign intercourse in the eyes of the Chinese, who, whether they believed the Portuguese to be slanderers or the English to be scoundrels, could not but anticipate that the presence of the two together in Canton would conduce little to the preservation of peace and good order.<sup>3</sup>

<sup>1</sup> Williams, *op. cit.*, ii, p. 445.

<sup>2</sup> J. F. Davis, *The Chinese* (London, 1836), vol. i, p. 49.

<sup>3</sup> F. Brinkley, *China: Its History, Arts, and Literature* (Oriental Series), vol. x, pp. 192-193.

As early as about 1677, the Viceroy at Canton extended "a most pressing invitation" to the English merchants to establish a trading post there; but the proposition was declined by the East India Company, who were afraid that its acceptance might cause displeasure to their commercial ally, the master of Formosa. It was not till Formosa came under the undisputed sway of the Manchus that the English again turned their attention to Canton. But once more they encountered the opposition of the Portuguese, who, as soon as they heard that negotiations for trade had been opened by the English with the Chinese authorities, obtained the sole right of trading at that port by the payment of £8,000 per annum. In 1685 all the ports of China were declared open to foreign trade by an Imperial decree—a condition which lasted down to 1757, when the traffic was confined to Canton. Taking advantage of the free port privileges the English secured the right to establish a factory at Canton, but their first ship, the *Defence*, was not despatched before 1689. The vessel was measured upon her arrival and a sum of T 2,484 was demanded for the measurage; but the supercargoes refused to pay it and threatened to leave the place without effecting any exchange; the amount was finally reduced to T 1,500. While the dispute with regard to the port charges was in progress, a Chinese was killed by one of the crew of the *Defence*, and a riot followed between the English sailors and some Chinese, in which lives were sacrificed on both sides. As an indemnity the local officials ordered the English to pay T 5,000, but Captain Heath objected to the fine as being too big, offering T 2,000 instead, and when the offer was rejected he departed from Canton with his ship.

Regarding foreign trade with malevolent eyes the mandarins began to enforce more stringent restrictions and to tax the traffic heavily. In 1689 a duty of five shillings

per pound was imposed upon tea intended for exportation to England. From the statements of traders at that time we find that the chief articles of export were tea, manufactured silks of all descriptions, porcelain, fans, lacquered ware, feather, screens, and ivory carvings.

With a view to expanding what little trade the East India Company had in China, the Court of Directors obtained from the British Government, in 1699, a consul's commission for their chief supercargo, Mr. Catchpoole, who was thereby constituted H. B. M. Consul for the whole Chinese Empire and the adjacent islands. In 1701 Mr. Catchpoole made an endeavor to extend trade and secured the permission to despatch vessels to Chusan or Ningpo. Accordingly, three merchantmen with a cargo valued at £101,300 were sent, but the enterprise proved a failure; for, finding the dues demanded by the local officials heavy, and the spirit of monopoly among the merchants irresistible, the English returned without doing any business. In the same year we read that the Company's investment for Canton was £40,800, and for Amoy, £34,000. A year later, Mr. Catchpoole opened a factory at Pulo Condore, an island off the coast of Cochin-China, which the British had captured from the Cochin Chinese in 1701. Here an intermittent traffic was carried on with the mainland for several years, but in 1705 the Malays rose against the English, and put an end to their rule by slaughtering them all and destroying their factory.

Apparently sensible to the need of a competent machinery to regulate foreign trade, the authorities at Canton appointed, in 1702, the "Emperor's Merchant," through whom all foreigners must buy and sell. In 1715 overtures, accompanied by great promises of protection, were made by the officials at Canton to the East India Company, who were asked to despatch trading vessels to that port at regular



intervals. The offer was readily accepted, and, in order better to safeguard the traffic, the supercargoes of the Company concluded an agreement with the Hoppo of Canton on the following terms: <sup>1</sup>

1. Freedom to trade with all Chinese without restriction.
2. Freedom to hire and to dismiss Chinese servants at pleasure. English servants committing any offence, to be punished not by the Chinese authorities, but by the supercargoes.
3. Freedom to purchase all kinds of provisions and necessities for their factory and ships.
4. No duties to be levied upon goods unsold and reshipped, nor on stores for the use of their factory such as wine and beer.
5. Freedom to set up a tent ashore for repairing casks, sails, *etc.*
6. English boats with colors hoisted to pass and repass the Customs houses, as often as they thought fit, without examinations; and their seamen's pockets not to be searched at all times.
7. Escritaires and chests of the supercargoes to be landed and shipped without being searched.
8. The Hoppo to protect the English from "all insults and impositions of the common people and mandarins, who were annually laying new duties and exactions which they were forbidden to allow."

These stipulations were agreed to by the Hoppo, and for some few years trade was carried on more satisfactorily. In 1720 a uniform duty of four per cent was laid upon all goods that were exported. The duty on imports was raised to about sixteen per cent, and, besides the heavy harbor and tonnage dues, other charges were demanded by the Canton officials. It was in this same year that the Cantonese mer-

<sup>1</sup> H. B. Morse, *The International Relations of the Chinese Empire*, pp. 64-5; Peter Auber, *China: an Outline*, pp. 153-4; R. M. Martin, *China: Political, etc.*, ii, p. 10; H. C. Sirr, *China and the Chinese* (London, 1849), ii, p. 251.

chants organized themselves into a gild or Cohong, which was the sole medium through which the foreign commerce of China could be conducted. The supercargoes protested against this, threatening to cease trading unless the monopoly was dissolved. Consequently, the combination was abolished, but because of its effectiveness it was revived a few years later.

As the exactions at Canton increased, the English merchants proposed to remove to Amoy, whose authorities had invited them to trade there. But the project was abandoned as soon as the Hoppo promised to charge no more than the official tariff. In 1728 an additional duty of ten per cent was levied on all exports, and the supercargoes remonstrated, but their efforts proved unavailing. It is stated that this surtax of ten per cent amounted to T 16,000 in 1730.

Persisting in their efforts to maintain trade, the Company despatched two ships to China in 1734; one reached Canton and the other Amoy, but the latter vessel withdrew without disposing of any part of her cargo, in consequence of the prevarications of the Hoppo and the local officials. These threw obstacles in the way of the English merchants despite a grand "chop" from the Viceroy of the province, directing "that the foreigners should be allowed full liberty to trade and that a decree had been issued by the Imperial Grand Council (1730), whereby the mandarins of Amoy were expressly enjoined not to demand a duty of seven per cent, which was formerly paid by European vessels."<sup>1</sup> From this we see that the Chinese Government at that time was still desirous of encouraging foreign commerce and of remedying any grievances that were brought to its knowledge. The whole difficulty lay in the fact that there existed

<sup>1</sup> Quoted in Sirr, *China and the Chinese*, ii, p. 257.

no effective channel through which complaints might be transmitted to the Central authorities inasmuch as the only medium by which aliens might make appeals was to be found in the very parties who were responsible for the misconduct. Not disheartened by their lack of success the English sent one vessel to Ningpo in 1736, but this venture also failed. In this same year we find that there were no less than ten European ships at Canton, distributed as follows: four English, two French, two Dutch, one Danish, and one Swedish; the Portuguese merchantmen were confined to Macao prior to this date. This shows us the lucrateness of the trade at that time, for in spite of the exorbitant exactions of the Canton officials, there still existed sufficient profit to lure traders from Europe to the Chinese market.

The year 1736 was also marked by the accession of Kien-lung to the Imperial throne. Being prompted by a great desire to do justice, one of his first acts was to remit the ten per cent duty upon all exports. This remission had a great significance, for besides giving actual relief, it seemed to usher in a brighter era. When the edict ordering the abolition reached Canton for promulgation, the European merchants were requested to join the Chinese in hearing the act of grace read upon their knees. To this slavish posture the foreigners refused to submit; they believed that the Chinese were trying to bring them "down to the same servile level with themselves." But the refusal to observe the rules of the official etiquette of China conveyed to the Chinese the impression of hauteur and contempt for their authority. Brinkley observes:

It had long been the uniform policy of the Chinese to insist that in his dealings with the local officials the foreigner must not be granted any exemption from observing the forms and ceremonies followed by a Chinese subject under similar cir-

cumstances. The foreigner, on the contrary, or at all events the Englishman, clung tenaciously to the principle that whatever would be humiliating or undignified in his own country must be eschewed in China, though no such sense attached to it there. No one can have much difficulty in appreciating the feelings that animated the parties to such a controversy. Each credited the other with precisely the sentiment which both found offensive.<sup>1</sup>

Incidents like this, which gave rise to misleading conceptions on both sides, well characterize the intercourse between China and the West. The decree also ordered that all ships should deposit their arms and ammunition with the Chinese authorities upon reaching their anchorage at Canton; this demand was afterwards waived by the Chinese functionaries upon the payment of T 6,000.

With a view to forcing the Chinese to a change of policy H. M. S. *Centurion*, the first foreign man-of-war to visit the Celestial dominions, reached Macao in 1741, with Commodore Anson on board. In accordance with Chinese law the ship was denied admission; but Anson brushed aside all objections, and compelled the Chinese to furnish him with provisions. Having made some necessary repairs, the *Centurion* put to sea, captured the valuable Spanish galleon bound annually from Acapulco and Manila, and took her prize into the Canton River in 1742. Inasmuch as the Chinese did not want to be dragged into international complications, they at once remonstrated strongly against the intruder's action. But the gallant officer turned a deaf ear to this protest, and announced that unless he obtained the supplies he wanted he would not leave Canton, backing up his high-handedness by a display of force not lightly to be provoked or trifled with. So uneasy had the man-

<sup>1</sup> Captain F. Brinkley, *China: Its History, Arts, and Literature*, vol. x, p. 198.

darins become at the conduct of the Commodore that the requisite permission to get supplies was granted upon some further negotiation, the success of which was greatly aided by an incident in which the sailors of the *Centurion* won the gratitude of the officials by rendering signal service in extinguishing a fierce fire in the city.

Not long after the departure of the *Centurion*, the East India Company determined to make another effort to trade at Amoy and Ningpo, hoping to find better trading conditions in those places. Accordingly, the *Hardwicke* was despatched to Amoy in 1744, but as there was little to trade with, it had to return without a cargo. In 1755 Messrs. Harrison and Flint, agents of the Company, were sent to Ningpo to re-establish trade; they were cordially received by the local officials, and were very much gratified to find that the duties imposed there were considerably less than those demanded at Canton. This favorable situation was, however, soon changed, for later on when the *Holderness* arrived, it was only with some difficulty that a cargo was secured.

In 1754 the system of "security merchant" was established.<sup>1</sup> Six years later the monopoly of the Cohong was formally chartered, but only to be dissolved in 1771 on account of the bankruptcy of the majority of its members. In 1757 an Imperial edict was issued, whereby foreign commerce was confined to the single port of Canton. This new measure seems to have had as its object not the exclusion of foreigners, but the increase of the Imperial income. The reason advanced by the Government for its adoption was "the loss of revenue to the Emperor, accruing from overland carriage of tea and other goods to Canton;"<sup>2</sup> that is

<sup>1</sup> Cf. *infra*, p. 65.

<sup>2</sup> Davis, *The Chinese*, i, p. 60.

to say, the Government incurred a loss in internal excise or transit duties by permitting foreign commerce to be carried on in markets closer to the centres of production. Such an argument is, of course, economically unsound, for whatever is gained in revenue is lost in trade. To tax goods in transit is to impede their free circulation, and is, therefore, injurious to the commercial interest of the country.

In spite of the public decree Mr. Flint was again sent to Ningpo in 1759, but he found that the English factory there had already been destroyed; and furthermore, he was refused all means of communication. Wholly unable to restore the trade, Mr. Flint proceeded in a native junk to Tientsin, from which city he succeeded in forwarding a memorial to the Emperor Kienlung, representing the extortions that were practised by the local officials. Liberal-minded as he always was, the Emperor deputed a commissioner to escort Mr. Flint to Canton to investigate the conditions complained of. As a result of the inquiry the Hoppo was degraded and all impositions were abolished, except the six per cent duty on goods and the consolidated charge of T 1,950, which was customarily levied on ships entering the port. But, unfortunately, Mr. Flint was arrested shortly after his arrival at Canton and conveyed to a place near Macao, "where he was imprisoned, but pretty well treated." He was subsequently banished from the Empire, his offence being that he had attempted to establish trade at Ningpo in defiance of the formal veto from the Emperor.

The Company was not satisfied with this state of affairs; and in 1760 they despatched a special mission to Canton under Captain Skottowe, commander of the *Royal George*. The object of the mission, which was not attained, was to put the English trade on a better footing by endeavoring to sweep away the differences that existed between the super-

cargoes and the local officials. Four years later H. M. S. *Argo* reached Canton with treasure for the Company, and proceeded to Whampoa for repair. As the ship brought treasure for commercial purposes, the Chinese authorities insisted upon measuring her; but her commander refused the demand, and in consequence there arose a dispute prolonged for four months, during which period the English trade was suspended. Finally the vessel was measured and paid accordingly; and the traffic was thereupon resumed.

At about this time another important aspect of the intercourse between Europe and the Celestial Kingdom began to show itself, an aspect which again and again threatened to disturb the commercial relations at Canton. The riotous conduct of sailors, which brought forth common assaults and deadly affrays, was a source of constant difficulty. In the exercise of their rights of territorial sovereignty and jurisdiction, the Chinese naturally maintained that the Imperial laws were the supreme law of the land, and that aliens were permitted to reside in the country only on this condition. Therefore, the policy followed in questions of criminal jurisdiction was that crimes committed within the territory of the Empire should be dealt with according to Chinese laws. This position was vigorously upheld by the Chinese in several cases of homicide occurring at this time. In 1754 the French and English sailors, who carried their national animosity to China, were repeatedly quarrelling with one another, and in one of their scuffles a Frenchman killed an English seaman. The Chinese officials held an inquest, and stopped the French trade until the guilty person was delivered up; but in the next year he was liberated on the occasion of a general act of grace from the Emperor. In order to prevent further disturbances two different islands in the Canton River were assigned to each nation for recreation. Similar in character was a

case in 1780 in which a Portuguese sailor was killed by a Frenchman in one of the merchants' houses. For many days the criminal took refuge at the French consul's, but on the demand of the Chinese authorities he was surrendered, and was publicly strangled. In November, 1784, an English gunner in firing a salute on board the "country" ship <sup>1</sup> *Lady Hughes* severely wounded three Chinese, one of whom died the next day. The surrender of the gunner for trial was demanded by the Chinese, but it was refused; and in consequence the supercargo of the vessel was seized and taken into custody in the city, where he was treated with great civility, though held as a means of bringing pressure to bear upon the English authorities. At length the man was handed over to the mandarins, and the supercargo was at once released. The unlucky gunner was tried, and after having been condemned, he was caused to die by strangulation on January 8, 1785, by direct orders from Peking.

It must be observed however, that "the Chinese," to use the words of the official chronicler of the East India Company, "have no desire to screen their countrymen from punishment when guilty, but that the inquiry must be carried on according to their own forms and usages;"<sup>2</sup> for we find that in cases in which their own people were involved the same measure of rigorous procedure was meted out. For example, in 1785, an English seaman was killed by a Chinese in an affray at Whampoa. The culprit was promptly arrested, and after having been tried he was strangled.<sup>3</sup>

But westerners, more particularly the British, assumed

<sup>1</sup> A ship trading under the license and general control of the East India Company between India and Canton.

<sup>2</sup> Peter Auber, *China: an Outline, etc.*, p. 310.

<sup>3</sup> For other cases in which murder or assaults were committed by Chinese consult Morse, *Intern. Rel.*, pp. 107-109.



an attitude of defiance towards Chinese authority. Neither knowing nor respecting the territorial laws of China and the process of administering justice in her courts, the English considered it a disgrace to their nation to submit their countrymen, even if found guilty, to the Chinese judicial system, which they regarded as discriminating and barbarous, though on erroneous or exaggerated grounds.<sup>1</sup>

Invariably, the English felt that they were wronged by the Chinese law, and under the plea of doing themselves justice, they committed atrocious acts, "coming strictly under the definitions of piracy, murder, or arson, which, under a more vigorous Government, would have rendered them the property of the public executioner."<sup>2</sup> Such, for example, was the heinous conduct of a Captain M'Clary, commander of a "country" ship, who seized a sloop and took it to Macao, on the supposition that it was Spanish property (1781). He was immediately arrested and imprisoned by the Portuguese, who did not liberate him until they had exacted from him a sum of \$70,000, as the value of the sloop, which had suffered a wreck in the meantime. Shortly after his release, news reached China that war had broken out between England and Holland, and upon this M'Clary captured, as lawful prize, a Dutch vessel which happened to anchor by the side of his ship in the Canton River. Strong objections to this proceeding were at once raised by the Chinese, who protested against the unscrupulous action of the captain, and appealed to the Company's Council as responsible for the conduct of their compatriots. To this the Council replied that they had no power over M'Clary, al-

<sup>1</sup> An account of the general attitude of resistance on the part of foreigners towards Chinese laws in the early days and the alleged reasons for it is given in V. K. W. Koo, *The Status of Aliens in China*, pp. 63-95.

<sup>2</sup> Davis, *The Chinese*, i, p. 66.

though he was the master of a ship trading under the license and general control of the Company. An end was finally put to the trouble by an exceptional compromise.

It is interesting to observe that the English merchants, and those of other nations as well, were exempted from all laws. For while they refused to recognize Chinese laws, they were at the same time beyond the jurisdiction of those of their own country, inasmuch as there existed no machinery in China by which their legal system might be enforced. They were thus living "very much in what the lawyers call 'a state of nature,' that is, governed by no rule but their own passions or interests."<sup>1</sup> Under these circumstances it was inevitable that much confusion and mischief should creep into the intercourse between China and the Western world.

In 1782 a new foreign trade monopoly was chartered under the old name of Cohong.<sup>2</sup> This association, which was composed of at first twelve, and in the later days thirteen, Chinese merchants, was granted the absolute monopoly of all dealings with foreign traders, the small Chinese merchants being excluded from the traffic. But in return for this exclusive privilege the Cohong was required by the Government to discharge a twofold function, besides the heavy admission fee which every one of the thirteen members had to pay for his appointment.<sup>3</sup> Commercially, it was responsible for the customs revenue on the entire foreign trade of China, and for the liabilities of its members.<sup>4</sup> In

<sup>1</sup> Davis, *The Chinese*, i, p. 118.

<sup>2</sup> Cf. *supra*, p. 57.

<sup>3</sup> As large a sum as T 200,00 (over £60,000) was said to have been paid by one. Furthermore, the Hong merchants were often called upon to make special contributions (T 50,000 or T 100,000) for public purposes, such as a flood or a famine relief.

<sup>4</sup> The Cohong was constantly in debt to the foreign traders and this

performing the latter function it was charged with the administration of the Consoo<sup>1</sup> fund, "provided by a direct levy of three per cent on the foreign trade, and available to meet any liability for debts, fines, losses, *etc.*";<sup>2</sup> and the mutual guarantee of its members for debts due to alien merchants was recognized and emphasized. Diplomatically or politically, it served as the sole intermediary in all matters between the Chinese authorities and the foreigners. The Hong merchants were, moreover, responsible for the good behavior of all aliens, whether residing within the confines of the factories or living on board the ships in the harbor. To them also the Government looked for due obedience to all orders and full compliance with all regulations, issued for the control of the foreign trade. But in carrying out these burdensome duties the Hong merchants were not given any special powers. This situation made them the inevitable buffer in all disputes between the Chinese officials and the foreign traders, and as a result they had to bear the brunt of the former's indignation at the misconduct of the latter, over whom they could exercise no

led to the occasional bankruptcy of some of its members. The debts were brought about by two causes. In the first place, they were incurred for loans of money made by foreign merchants, who were attracted by the high rates of interest ruling in China. With the monthly interest rates running from 2 to as high as 5 per cent, capital poured into Canton with great ease, especially from India, thereby encouraging reckless borrowing among the Chinese. Then, there were trading debts, that is, those contracted in the usual commercial operations of buying and selling. It is stated that at the close of an ordinary year's transactions the total money obligations owing foreigners amounted to more than \$3,000,000. This insolvency of the Hong merchants tended to endanger the foreign trade relations of China, and the Chinese Government repeatedly ordered the Cohong to keep its slate clean, and generally the debts were liquidated. For a full account of the Hong debts, see Morse, *Intern. Rel.*, pp. 161-168.

<sup>1</sup> Kungso or gild.

<sup>2</sup> Morse, *Intern. Rel.*, p. 68.

real control. The only way by which they could keep the recalcitrant westerner under due restraint was to threaten the suspension of trade. This drastic method was generally effective, and it was subsequently imitated by the foreigners, who employed it as a weapon against the oppression of the local authorities.

While the Cohong represented China in all things pertaining to foreign commercial intercourse, the "factory"<sup>1</sup> stood for the foreigners. There were thirteen factories, representing the mercantile interests of over a dozen nationalities. The trade of each of the European countries was placed under the control of its own East India Company. By far the most important of these exclusive organizations was the British East India Company, and the history of the Canton factories is really the history of the English Company in China. Like the Cohong, the British East India Company was also a privileged corporation. It enjoyed, by Royal charter, the monopoly of the whole British trade with China, except for a limited trade granted to its officers by way of privilege, and the so-called "country trade" allowed, under its license, to all British subjects and natives of India, trading between India and China. And in order to obtain the full benefit of its valuable privilege it kept a permanent agency at Canton, which was supervised by a select committee of supercargoes, entrusted with wide administrative and commercial powers.

Being a stable and organized body, having unusual wealth and power, the Company was accorded more favorable treatment by the Chinese than the individual foreign trader, and, for that matter, than any other group of foreign traders. Its servants, through their knowledge of the Chinese language and ideas, Chinese customs and methods,

<sup>1</sup> The office and residence of the "factor" or the business agent of the home company.

had great influence with the Cohong and the local officials, from whom they obtained certain exclusive privileges. Although the Company aimed primarily at protecting the interests of British subjects, nevertheless "it was the only representative foreign body, and as such was compelled by its traditions to champion the cause of foreigners in general."<sup>1</sup> In thus upholding the general interests of foreigners, the agents of the Company came to be looked upon as more or less responsible for the conduct of the entire foreign community at Canton; and it was for this reason that they were always informed by the Chinese officials of anything concerning the commercial relations with the West. It is, therefore, evident that the Company possessed the double advantage of enjoying rights and privileges granted by China as well as by England, thereby rendering its monopoly most secure. With this breadth of control, aided by the other East India Companies of Europe, the British Company served as a check to the operation of the Cohong. So monopoly was set against monopoly, and as the foreign merchants derived handsome profits from their trade, they had no good cause for complaint against the commercial position of the Cohong *vis-à-vis* their own.

In the factories the alien traders, while in Canton, lived as tenants at will of their respective security merchants, each of whom was a member of the Cohong, and without whose guarantee no foreign vessel was permitted to trade. He it was who was personally responsible for the good behavior of the crew and the customs duties on the cargo. It was he also who employed for the foreign firm, for which he acted as security, the Chinese needed in its service,<sup>2</sup> and stood as their guarantor against any loss to the firm.

<sup>1</sup> Sargent, *Anglo-Chinese Com. and Dip.*, p. 20.

<sup>2</sup> These usually consisted of a comprador (a factotum charged with the duties of a broker, adviser, accountant, and cashier), shroffs (silver experts engaged as tellers under the comprador), boys (office-boys and valets), coolies, cooks, water-carriers, and boatmen.

As a rule, the ships entered and cleared at definite seasons with the help of the periodic winds. They always tried to come to Canton before the end of the southwest monsoon (October), which would give them smooth sailing up the China Sea, and to leave it while the northeast monsoon (about March) could speed them down to the Straits of Malacca. Upon the arrival of a merchantman the first duty of its master was to secure a licensed pilot at Macao, where also, or later at Whampoa, a ship's comprador (*i. e.*, a ship Chandler) must be obtained, to whom was given the right of supplying provisions and all other things which the ship required. When the ship reached the Bogue she was measured and heavy fees were paid. Then she proceeded to Whampoa, where her manifest, detailing the cargo in full, was delivered to her consignee at Canton, who, in turn, passed it on to his security merchant. The latter paid all the duties on the imports as provided by the official tariff, and after having fulfilled all other requirements, he conveyed the goods from the ship to the factory in privileged monopoly lighters.

Now, the main concern of the foreign trader was to sell his import cargo, and, if he did, he must sell it to his security merchant only, and to none other. But he did not have to dispose of his goods unless he so desired; he was at liberty to ship them back or to store them away for a more favorable market. Furthermore, it was only through his security merchant that he could buy his export cargo, which consisted chiefly of tea and silk. In this, too, he was under no compulsion. When contracts for tea were made, which was usually a year in advance of delivery, the foreign trader had the option of fixing either the quantity and the price for the next season, or the quantity only, with the price left undecided until the beginning of the following season, when it was settled according to the prevailing rates.

Silk, the only other Chinese product for which there existed a big demand, was limited by law to 140 piculs (175 bales) for any one vessel; and shipments of bullion were not allowed except under a special permit. The lading outwards was conveyed to the ship also in privileged lighters, and when the ship was ready to put to sea the security merchant got a clearance permit ("Grand Chop") for it, and off it sailed. With the business of his ship transacted, the foreign merchant returned to Macao under a permit, there to live until the arrival of the new season.

The trade described above was practically a trade by barter, since the operations of any one ship were confined to a single middleman. Save for the specie which was brought into Canton to provide for the export fund, it was a case of bartering tea and silk for foreign imports, the main staples of which were opium and cotton. In this exchange by barter the Hong merchant invariably aimed at obtaining such a price as would give an adequate margin of profit between his buying and selling rates, a margin which would enable him to pay all the duties demanded by the Government and the onerous official extortions, as well as the interest on his capital and the expenses of his concern. The Chinese monopolist had, however, no power to impose unreasonable terms upon the foreign trader, for should he endeavor to secure lower prices for foreign commodities the latter would refuse to purchase his tea and silk unless an equivalent reduction was made in their prices. As a matter of fact, the foreign merchant, with no check from free competition, often succeeded in forcing his goods upon the reluctant Chinese.

In general, the organization of the Cohong proved convenient and satisfactory to every one concerned. A competent authority writes:

The Cohong system, monopolistic though it was, was one which, on the whole, worked with little friction. The foreign traders enjoyed the practical monopoly assured to them by their distance from the home market and the difficulty of communication, while the East India Company, still holding a monopoly of the trade with England, paid the dividends on their stocks in these years solely from the profits of their China trade. The foreigners paid nothing directly in the way of duties or charges, except the levies on shipping and their contributions to the Consol fund, and had nothing of the extortion thrust under their eyes; and the discomforts of their life, shut up in rented quarters in the factories, were as nothing to the prospect of accumulating a competency. The Chinese, too, were equally contented; the Cohong merchants were bled, one way or another, to the tune of millions, but could recoup themselves many times over; and the officials were quite satisfied with existing conditions. The best commentary on the condition of affairs is found in the personal relations existing between those friendly rivals, the Chinese and foreign merchants. They both had a reputation for commercial honour and integrity such as has not been surpassed in any part of the world or at any time in its history; trading operations were entirely on parole, with never a written contract: and there was much help and sympathy from one to the other. Yet all this ease in their mutual relations was paid for by the foreign trade. That the system allowed the foreigner, not only to make a living, but to accumulate a modest fortune, that a member of the Cohong should, when the occasion arose, cancel the debt of a foreign trader who had fallen into difficulties, says much for the generosity and foresight of the Chinese merchants, but it emphasises the fact that there must have been a wide margin of profit to allow of such liberality.<sup>1</sup>

A word must be said about the policy of the East India Company at this period. Swayed by the current ideas in

<sup>1</sup> Morse, *Intern. Rel.*, p. 85.



England, the Company made every attempt, from the inception of its intercourse with China, to establish a market in that country for British manufactures, more particularly woollen goods, even in the absence of any profit whatever. The adoption of this popular course of action was all the more necessary in view of the hostile criticisms in Parliament on the commercial monopoly of the Company, the death-blow to which was given by Adam Smith in 1776, when he published the *Wealth of Nations*.<sup>1</sup>

The first indication of the policy was seen in an attempt to discover a northwest passage to the East in the hope of finding in the northern sections of the Chinese Empire a new outlet for woollens. Later expressions of it are found in the instructions of the Directors of the Company to the supercargoes. For instance, they write thus in 1699:

Advise us of all occurrences, and of whatever may be for our service, in order to vend the greatest quantities of our woollen manufactures, and the other product of our nation, or any other European commodities. We have been greatly encouraged to this northern settlement (Limpō) from the hopes we entertain of opening a way into the Japan trade, and of finding a considerable vent for our woollen manufactures beyond what hath been; both which you are to endeavour after, and give us particular advice and information thereof.<sup>2</sup>

<sup>1</sup> Adam Smith attacked all monopolistic companies, except those for banking, insurance, and public works, as being mischievously obsolete, inasmuch as they had outlived their period of usefulness, and he advocated their abolition for reasons of general economic expediency. Favored by an environment where free trade was publicly proclaimed and beginning to be idolized, he succeeded in obtaining a national decision against the trading companies.

<sup>2</sup> Instructions from the Court of Directors of the English Company to the China Council, Nov. 23, 1699. *Report from the Select Committee of the Lords on Foreign Trade*,—"Trade with the East Indies and China," 1821, vii, p. 303.

Then a year later :

We are very intent upon promoting and increasing the vent for our English woollen manufacture, and therefore use all your endeavours to bring it into esteem with that people (the Chinese).<sup>1</sup>

And again in 1710 :

It will be a national advantage, if large quantities of English or any other European commodities would vend in China; and would be a very good and popular argument in our favour: wherefore do you make diligent enquiry, what sorts, colours, and quantities of woollen goods, and other English products, will sell at Chusan, or elsewhere in China, yearly; and at what rates, and the like of all other European commodities.<sup>2</sup>

Similar instructions were handed out from time to time, and as the attacks of the critics gathered force, the Directors, with a view to silencing the complaint, incorporated them into the "Standing Rules and Orders" to the agents at Canton.<sup>3</sup> Thus the sole aim of the Directors was to promote the sale of British manufactures to the greatest extent the Chinese market could bear in preference to seeking a profit on a more limited quantity. In spite of these efforts the expectations of the British public fell short of realization, for woollens were wanted only in small quantities by the Chinese, who preferred their own silks. The woollen trade, conducted without a profit at first, was gradually carried on at an actual loss to the Company, a loss which became very considerable by the opening years of the

<sup>1</sup> Instructions from the Court to the China Council, Oct. 19, 1700. *Rept. from the Lords on Foreign Trade*, 1821, vii, p. 304.

<sup>2</sup> Instructions from the Court to the supercargoes of the *Rochester*, bound for Chusan, Jan. 6, 1710. *Ibid.*, p. 304.

<sup>3</sup> *Ibid.*, p. 306.

nineteenth century, being 14 per cent in 1805. This serious deficit was aggravated by the financial obligations imposed upon the Company for the administration of India. It was, therefore, imperative that a new policy should be adopted. Accordingly, the Directors decided in 1805 that thereafter only so much woollen goods would be shipped to China as could be disposed of without incurring a loss. Thus they write :

It is our intention, in future, only to consign to you the precise quantity of woollens stated in your indents, which you will therefore regulate with a view to obtain prices which shall indemnify the Company for actual loss; at the same time, we embrace this opportunity of repeating our determination and readiness to sacrifice a profit on this branch of our trade to the manufacturing interest of the Kingdom.<sup>1</sup>

Being desirous of reducing the export of bullion to Canton, the Directors constantly tried to send not only as large an amount of British commodities, but also as many varieties of them as the Chinese could be induced to purchase, even though such a transaction had to be effected without a profit. And towards the end of the eighteenth century they urged, with a measure of success, the introduction of copper and Cornish tin into China. Here, as in the case of the woollen goods, the Directors were simply pursuing a popular policy, for the export of the precious metals from England was the point on which the opponents of the Company based their argument. Following the prevailing economic tenet at that time, the English believed that every trade was prejudicial to the prosperity of the nation if it did not open up markets for British staples and return money into England. They failed to see the true theory of national wealth by which the Company defended itself,

<sup>1</sup> *Rept. from the Lords on Foreign Trade, 1821, vii, p. 308.*

namely, that bullion shipped out of the country was for commercial purposes, since it was invested in the Chinese trade; and that by importing Chinese goods and selling them to continental Europe at an enhanced profit the Company brought back more money into England than it originally carried away from her.

The growing importance of England's position in the Far East, resulting from the successful extension of her arms and possessions in India by Robert Clive and Warren Hastings, attracted the attention of the British Government to the desirability of introducing some element of order into the relations between the King's subjects and the people of the Celestial Empire. With the purpose of removing the various trammels by which the trade at Canton was shackled, it was resolved, in 1792, to send a special embassy to Peking on behalf of the East India Company; and the Earl of Macartney was appointed as its head. With a numerous suite of able men, and a good supply of presents to the Emperor, Lord Macartney embarked from Portsmouth in September, 1792, and arrived in China in the spring of the following year. The ambassador was received with every mark of honor, treated in the most magnificent manner, and sent off with the greatest courtesy—an entertainment which cost the Middle Kingdom \$850,000. But the mission transacted very little business, for aside from some few advantages derived—a great reduction in the expenses of the supercargoes' removal to and from Canton, for example—most of the important points sought were not achieved. One of the chief aims of the visit was to obtain freedom to trade at other ports besides Canton,—at Ningpo, Tientsin, Chusan, and other places, where the English expected to build up a market for British staples, especially woolen goods. This was rejected on the ground that there was no foreign trade organization in existence at those

places, and consequently it would be very inconvenient for foreigners to carry on any traffic there. Nevertheless, it cannot be denied that besides carrying away an impression of the extent and grandeur of the Celestial Kingdom, the first British embassy succeeded in creating a better understanding between the Europeans and the Chinese authorities.

For some years subsequent to the mission things in Canton were considerably bettered, and trade went on more peacefully. Although a number of the heavy impositions remained unchanged, yet some alleviation was given to the merchants. An end was put to the interference on the part of the local officials in the allotment of the Company's business to the several Hong merchants, and the embarrassing expedient of stopping trade in cases where aliens refused to obey Chinese authority was not employed for some time. In general, the feeling towards foreigners was becoming more friendly and disputes were settled in a conciliatory fashion. This change of attitude was also found in other portions of the Empire. For instance, in 1799 six English sailors, who left their boat on account of ill-treatment and landed on the coast of Fukien, were shown every kindness and hospitality by the local officials, who afterwards sent them to Canton under the escort of a mandarin; and upon reaching their destination they were placed in the hands of the British authorities.

Unfortunately, the disposition on the part of the Chinese to act in a more amicable spirit towards the British, and other foreigners as well, was crippled by complications growing out of the Napoleonic wars. In 1802 an English force, by order of Lord Wellesley, Governor-General of India, occupied Macao for the purpose of protecting that port, on behalf of Portugal, against a possible French attack. The Chinese rightly remonstrated against this forcible possession of their territory, and demanded that

the troops depart promptly, at the same time making it absolutely clear that Macao was an integral part of the Celestial Empire, and that the Portuguese were permitted to remain in the place merely as tenants at will, paying an annual rental to the Chinese Government. Happily, news of the Peace of Amiens soon reached China, and the troops withdrew. Notwithstanding this, a similar incident occurred six years later, when a detachment of soldiers was sent there by Lord Minto to give the same protection to the settlement. The Court of Directors of the East India Company maintained that "no apprehension need be entertained of embarrassment from the Chinese Government, if permission were obtained from the Portuguese for that purpose."<sup>1</sup> But the Chinese, whose jurisdiction over the territory was unquestionable, at once protested vigorously against the invasion of their soil, and required the instant removal of the English military and naval forces; and when their remonstrance was unheeded, they suspended the British trade and denied provisions to English ships, besides threatening to resort to compulsion. Admiral Drury, commander of the expedition, refused to re-embark his men, and "informed the mandarins, that his instructions had not forbidden him to declare war against the Chinese nation if necessary."<sup>2</sup> He proposed an interview with the Viceroy of Kwangtung, but the latter declined to have any communication with him until every soldier was removed. Backed up by the Select Committee of the East India Company, who considered the conduct of the local authorities haughty, the Admiral then attempted to force his way to Canton, but was obliged to retreat when confronted with armed resistance. Need it be said that if such hostile de-

<sup>1</sup> Auber, *op. cit.*, p. 231.

<sup>2</sup> Sirr, *op. cit.*, ii, p. 272.

monstrations were committed in Europe they would be regarded as monstrous? But since China was the offended party, no one could see anything strange about them. Meanwhile, an edict was received from the Emperor for the withdrawal of the troops, and after much verbose discussion, the whole British force evacuated Macao, and trade was resumed. Although the incident was thus brought to a conclusion, yet the bad impression created by it remained unaltered for some years thereafter; the unjustifiable conduct of Admiral Drury served to confirm the belief of the Chinese that the English were "fierce and barbarous," and as a result, many vexatious restrictions were put on the trade at Canton.

But this is not all. In April, 1814, H. M. S. *Doris*, which was then "exercising a very active blockade against the American merchantmen in the Canton River," captured the American vessel *Hunter* off the Ladrone Islands, and carried her as prize into Macao. A month later the boats of the *Doris* chased an American schooner from the vicinity of Macao up the river to Whampoa, where they seized her, but the Americans in Canton armed their ships and retook her. In other words, the territorial waters of China were converted into a battle-ground by British and American vessels. Feeling it a national affront and not wanting to be dragged into the international entanglements of Europe, the Chinese authorities protested vehemently against these belligerent operations, and ordered the Company's Select Committee to send the *Doris* away, stating that "if the English and Americans have petty quarrels, let them go to their own country and settle."<sup>1</sup> The Committee replied that they had no control over the actions of a King's ship; upon this the local Government threatened to suspend British trade, pro-

<sup>1</sup> Auber, *op. cit.*, p. 242.

hibited the employment of native servants by the factory, and adopted other annoying measures against the English merchants.

That the Chinese were in the right no one will deny, and since that was the case we should expect to find some attempt to conciliate them. Instead of this, we read that the Select Committee regarded the steps taken by the officials as overbearing, and decided to stop trade by sending away all their countrymen, and the Company's ships also. With a view not to obstructing the trade any further, however, the local authorities suggested a conference for settling the differences. Accordingly, representatives from both sides met at Canton, and the dispute ended with the Chinese yielding to a series of demands presented by the British deputation. Among the important points conceded were the privilege of corresponding with the officials in the Chinese language, under seal, the employment of native servants without molestation, and the assurance that no local magistrate should enter the factory without permission.

In spite of their high-handed actions, which were committed merely because they could be done with impunity, the English asserted that the conduct of the Celestial Government at this time served "to prove that the commercial interests of the nation (*i. e.*, England) in China were exposed to the utmost hazard from the chance of perpetual interruption at the will of a capricious and despotic set of delegates, who kept the court of Peking in profound ignorance of their own oppressive and arbitrary conduct towards the Company's trade."<sup>1</sup> Could any page of history be more ridiculous than this?

As a result of the foregoing causes of friction, and the political changes in Europe brought about by the Napoleonic

<sup>1</sup> Davis, *The Chinese*, i, p. 95.



wars, the British Government decided to despatch a second envoy to Peking to renew the negotiations begun by Lord Macartney. Lord Amherst was appointed ambassador, and he was instructed to secure "a removal of the grievances which had been experienced, and an exemption from them and others of the like nature for the time to come, with the establishment of the Company's trade upon a secure, solid, equitable footing, free from the capricious, arbitrary aggressions of the local authorities, and under the protection of the Emperor, and the sanction of regulations to be appointed by himself."<sup>1</sup> The embassy sailed from England in February, 1816, and arrived at the Chinese capital towards the end of August.

Upon reaching Peking, Lord Amherst was conducted to the Summer Palace, where he was met by a large number of princes and officials dressed in robes of state, and was informed that the Emperor Kiaking awaited him in immediate audience. To this summons the English representative demurred, considering it a breach of diplomatic punctilio; and he begged to have the interview postponed on the ground of fatigue caused by the hurried journey from Tungchow to Peking, and of the non-arrival of his court costumes. Duke Ho, the then principal minister of China, persuaded him to comply with the Emperor's wish, and assured him that only English ceremony would be observed, and that he would not be required to perform the kotow, a topic upon which he wrangled with the Chinese officials on his way to the capital. And yet his lordship chose to remain firm in his determination, and rejected the Imperial proposal, although it was "meant in a friendly spirit, and as a mark of honour."<sup>2</sup> Under these circumstances the

<sup>1</sup> Auber, *op. cit.*, pp. 256-257.

<sup>2</sup> Boulger, *The History of China*, ii, p. 28.

Chinese sovereign could not see why Lord Amherst should persist in refusing to appear before him, especially when an elaborate reception <sup>1</sup> had already been waiting for his arrival. Believing the refusal to be an intentional insult, Kiaking decided not to receive the envoy at all, and commanded that he should be sent back to Canton at once. The Emperor's indignation was so stirred by the attitude of the ambassador, that he wrote a letter to the Prince Regent of England, suggesting that it would be unnecessary for him to despatch any more missions. After a long journey, during which he was treated with every respect, Lord Amherst reached Canton in the beginning of 1817, and soon embarked for England *re infecta*. The second British embassy was thus brought to a disastrous close on account of misunderstanding.

Nevertheless, the failure of the mission may be partially attributed to the fact that it had come at an inopportune moment. It was ushered in by a series of bizarre incidents such as those we have just noted. Moreover, the Chinese were agitated and offended by the British expansion in India; for while Lord Amherst was approaching the coast of China, his countrymen were successfully subduing Nepaul, a feudatory of the Middle Kingdom. Events like these could not but convince the Chinese Government that foreign intercourse as conducted at that time was totally incompatible with the maintenance of peace and order in the country, and thereby compelled it to evince exclusive proclivities in its dealings with the Europeans, particularly the English.

While the conditions in Canton were becoming more and more unsatisfactory, the critics in England increased the

<sup>1</sup> Lord Amherst's visit lasted five months, and it was calculated to have cost the Celestial Government about \$850,000—the amount spent in entertaining the mission of Lord Macartney.

rigor of their attacks on the monopoly of the East India Company. In 1821 the Committee of the Lords on Foreign Trade<sup>1</sup> urged that the private British trader should be allowed to share in the traffic in tea and other articles between China and continental Europe,—a field not touched by the Company and yet forbidden to other English subjects by the terms of the charter, to the great advantage of the merchants of other nations, more particularly those of America. Owing to her neutral position during the European wars the United States succeeded in engrossing a large proportion of this trade, and in the twelve years ending 1818-19 imports carried into China by American vessels were almost doubled. So successful was the shipping of the United States at that time that considerable quantities of merchandise were even transported in American bottoms from England itself. The chief competition to be met by the British free trader would, therefore, come from the American merchant, but the English were confident that they would have little difficulty in overcoming this competition in view of the low freight rates and other advantages possessed by the British mercantile marine.

In reply the Directors of the Company did not pay any serious attention to the progressive increase and prosperity of the American trade as a contention in favor of giving the private merchant access to the market, although they were informed, in 1820, by their agents at Canton concerning the gravity of the American competition, especially in the cloth trade. Their defence hinges on two important arguments, one of which is political and the other commercial. In the first place, they pointed out that inasmuch as English sailors were more refractory than those from American

<sup>1</sup> *Report from the Select Committee of the Lords on Foreign Trade — "Trade with the East Indies and China"* (With appendices), 1821, vol. vii.

vessels, unrestricted trade at Canton would inevitably bring about constant disturbances, and hence disputes with the Chinese Government, which might produce deplorable results. Then they apprehended that "the admission of new competitors into the market might lead to some deterioration in quality, or enhancement in the prices of teas, which are now regulated by arrangements made previously to their coming into the market, between the servants of the Company and the Hong merchants, who enjoy a monopoly of the sale of that article."

The Committee asserted that their object was not to interfere with the privileges vested in the Company, for such a step was then legally impossible. They merely expressed a sincere wish that the British free trader might be permitted to participate in "a trade which has proved safe, lucrative, and capable of great improvement in the hands of the foreign trader," and they relied upon the liberality of the Directors to grant as much as would be consistent with the fundamental interest of the Company for the sake of the welfare of the British nation. The request was not acceded to, and the monopoly of the Company remained intact until the year 1834, when its trading charter expired and was never renewed.

The abortive embassy of 1816 was followed by a period of comparative tranquillity, lasting up to about the end of the third decade of the nineteenth century. Yet the relatively uneventful years were not free from occurrences of local breaches of the peace. For instance, in 1821 the Company's ship *Lady Melville* was implicated in the death of a Chinese woman. But the case "was settled, as innumerable others have been, by pecuniary inducements to the relations of the deceased not to lodge complaints with the officers of government."<sup>1</sup> More important was the case

<sup>1</sup> Auber, *op. cit.*, p. 296.

of H. M. S. *Topaze*, which happened in the same year. While a party of men from the British frigate were procuring water at Lintin Island, they were attacked by a band of natives armed with clubs and bamboo spears. In order to enable the sailors to retreat, a body of armed marines was sent ashore, and, as a rebuff, several rounds were discharged from the *Topaze* on the surrounding village. As a result the English had fourteen wounded while the Chinese had two killed and four wounded. Captain Richardson, commander of the frigate, wrote to the Viceroy, remonstrating against the assault and asking him to punish the assailants. The Viceroy requested, in reply, that the wounded seamen be taken ashore for examination, and intimated at the same time that a mandarin would be despatched to Lintin to inquire into the affair. To the first proposal the English commander refused to accede, while with regard to the second he stated that he could not tolerate a Chinese official to go on board a British man-of-war for purposes of judicial investigation. The Select Committee of the Company was then informed by the Chinese authorities that they would be held responsible for the whole matter, and trade was stopped in the meanwhile. But the Committee replied that they had no control over the King's ships and asked the local Government to negotiate directly with Captain Richardson. Following this the English left Canton with their merchantmen. Thereupon the Viceroy was convinced that the Committee had no authority over a ship of the British navy, and absolved them from responsibility. The trade was, however, not reopened until an assurance was given that the case would be prosecuted in England. This dispute shows us not only the defeat of the full operation of the Chinese law, but also that the various unprovoked outrages committed by the British had begun to influence the hitherto peaceful Chinese in the neighborhood of Canton to adopt a less pacific attitude towards foreigners.

Troubles of another description made their appearance in 1829, when the bankruptcy of several of the Hong merchants occurred, and caused a great fall in the trade, particularly in the import of cotton goods from India. The situation was a serious one and the Select Committee petitioned the authorities that the bankrupt Hong be replaced. An Imperial edict for the additional Hong merchants was accordingly issued, but nobody could be found willing to join the gild on account of the arbitrary exactions to which the members were liable. Confronted with this difficulty the local officials appeared to be somewhat indifferent, but their attention was soon called to the subject by the Committee, who threatened to suspend the trade by detaining the Company's annual fleet outside the Canton River. The supercargoes then addressed the Viceroy, urging the necessity of augmenting the number of Hong merchants, of reducing the heavy port-charge<sup>1</sup> on ships at Whampoa, of allowing foreigners to own warehouses, and of curbing the avarice of customs officers; and requested him to transmit the demands to the Emperor. Although not willing to communicate the message to Peking, the Viceroy evinced a conciliatory attitude in dealing with the matter. He promised to create new Hong and to remove some of the evils complained of, but he was firm in asserting that the renting of warehouses was inconsistent with the general regulations of the trade, and that unless he received the express order of the Peking Government he could not introduce any radical change into the management of the commercial affairs at Canton.

Upon hearing this the Committee continued detaining their merchantmen and renewed their protests with great

<sup>1</sup> About £800 sterling on a small vessel. Davis, *The Chinese*, i, p. 114.

vehemence. After stating the grievances to be removed they concluded thus :

We are the subjects of a King as powerful as the Emperor of China,—of a King who has vast fleets and armies at his disposal—of a King who loves peace, and wishes to be, as heretofore, in amity with the august Emperor of China, but who nevertheless, would not see his subjects wronged without seeking to gain redress.<sup>1</sup>

Such language could not but make the official disposition less yielding, especially when it came from a group of merchants who were trading for their own advantage, not under any defined treaty but by sufferance only. Naturally, the Viceroy showed no tendency to vacillate from his original position and made a terse reply :

To sum all up as to commerce, let the said nation (England) do as it pleases. As to regulations, those that the Celestial Empire fixes must be obeyed : there is no use in vain multiplication of discussion and disputation.<sup>2</sup>

The Committee then addressed the Supreme Government of India concerning the unfavorable state of affairs in Canton, and requested it to forward to Peking representations on the grievances to be redressed, and also to despatch some English men-of-war to China to enable them to make their stoppage of trade effective. But the Governor-General in Bengal refused to interfere on their behalf, being without orders from the home Government and for lack of thorough knowledge of the whole subject under discussion.

<sup>1</sup> Reply of the Committee to the Viceroy at Canton, Nov. 16, 1829. *First Report from the Select Committee of the Commons on the Affairs of the E. I. Co. (China Trade)*, 1830, vol. v, appendix, p. 161.

<sup>2</sup> Reply of the Viceroy to the Committee, Nov. 24, 1829. *Ibid.*, p. 162.

Shortly after this, the Viceroy issued an edict stating that one new Hong had already been added to the gild and that others would soon follow; that the debts of the bankrupt Hong merchants would be settled or else the parties punished; and that the question of reducing the heavy port-charge had been reported to the Emperor, who ordered an investigation into the matter with a view to making some change. The Committee considered the tone of this document as most conciliatory, and at once directed the resumption of the trade.

The Directors of the Company disapproved of the conduct of the Committee, which, in their opinion, was completely at variance with the instructions given out to the Company's agents in China. They stated that since the Viceroy was inclined to make concessions, the suspension of the commerce was not only uncalled for, but also against the constant orders of the Court, who regarded it "a measure so pregnant with difficulty, that nothing but the most imperious and urgent necessity could justify a recourse to it." They were also of opinion that the tone and tenor employed by the Committee in their protests to the Viceroy were directly opposed to the injunctions sent out from London, and "ill calculated to induce a continuance of that conciliatory spirit manifested on the present occasion by the Chinese authorities." The firm disapprobation of the Directors was shown in the supersession of the majority of the members of the Select Committee.<sup>1</sup>

A new Committee was appointed, but they continued to pursue the same "forward" policy as their predecessors, and made no effort to maintain a better understanding with the authorities at Canton. Upon their arrival they found

<sup>1</sup> Letter from the Court of Directors of the East India Company to their supercargoes in China, May 26, 1830. *1st Rept. from the Commons on the Affairs of the E. I. Co.*, 1830, appendix, pp. 170-173.



things in a very embarrassing situation and it was not long before trouble broke out again. The dispute at this time was centered on the question of the presence of foreign women in Canton. The Chinese authorities had always insisted on confining European ladies to Macao and prohibiting them from residing at Canton. In accordance with this rule a proclamation was issued by the Viceroy, ordering the immediate withdrawal of the wife of the chief supercargo, who was brought into the factory by her husband, and stating that unless the edict was complied with, force would be resorted to. Upon this the supercargoes landed a party of sailors and two carronades from the ships to guard their residence against any attempt which might be made by the officials to enforce their obnoxious edict. Trade continued as if nothing had occurred, and those English ladies who happened to be in the city were permitted to remain without molestation until the end of the winter season, when they all returned to Macao. Simultaneous with this trouble was the dispute connected with the quay of the factory. The front of the factory had to be repaired and the Committee at once entered upon the undertaking, though without the sanction of the local Government. This being the case, the Chinese officials forbade the alteration, and issued edicts and proclamations against it; but the measures were treated with contempt by the supercargoes, who ordered a detachment of boats and sailors from the Company's ships to complete the work. Feeling this to be an encroachment upon the constituted authority of the land, the local officials sent forth an order against parties of seamen coming to Canton, and commanded the Hong merchants to restore the ground in front of the factory to its former condition. Other trifles occurred and they tended further to endanger the tranquil progress of affairs at Canton.

As the demands of the foreigners became more and more

insistent the attitude and policy of the Chinese authorities grew increasingly suspicious, and the latter endeavored to restrict more vigorously their intercourse with the former. A new set of regulations, chiefly a restatement of those already in operation, was proclaimed in 1831 for the control of the trade. Among other regulations foreign merchants were not allowed to live in Canton after the trading season, but were to return to Macao; nor could their women be brought into the city; and chair-bearers who carried foreigners were threatened with punishment. Weapons were prohibited; ships were to be more strictly searched; and Hong merchants were forbidden to be in debt to foreigners. These encroachments upon personal and commercial liberty were very annoying to the foreigners, especially when they looked upon every exercise of authority by the Chinese with open defiance. Doubtless, the new rules were anti-foreign in character, but we must not forget that the majority of them were called forth by the actions of the supercargoes.

A strong protest was instantly raised by the Select Committee against the foregoing obnoxious restrictions. They threatened to stop the trade by handing the keys of the factory to the Chinese authorities, and by issuing a conditional notice in which they claimed themselves to be "representatives of the British nation in China," and asserted that unless the various abuses were removed, the English trade in China would be suspended. These measures met the unequivocal approval of the British community at Canton, who adopted a number of resolutions, inveighing against the laws and regulations of the Celestial Empire, and to whom the Committee issued a manifesto, setting forth the grievances to be redressed and the reasons for their threat to stop the trade. The Committee also applied to the Bengal Government to send representatives in a vessel of war to the Viceroy at Canton, and requested at

the same time that some British warships should be despatched to support their measures. In their communication they intimated that "a resolute and systematic determination is now formed to reduce foreigners to the lowest and most restricted possible condition," and that having exerted all that was in their power to mitigate the evils, they had no alternative left other than that of appealing to the Supreme Government of India for the powerful aid which it could render. They further recommended the Governor-General to address a letter to the Emperor of China, and adverted to the advantages which the British trade would derive from the acquisition of an independent insular settlement in China, which, they believed, could be accomplished without difficulty. They were of the opinion that should hostilities break out at Canton the local Government could be brought to terms with the greatest facility, and stated that throughout the entire intercourse between England and China they found "acts of undue violence meeting respectful treatment in return from the government, while persons living in obedience to its laws were suffering from severe and unmerited oppression."<sup>1</sup> With the supercargoes maintaining such a view of the matter the termination of tranquil intercourse at Canton could not but be precipitated.

But the Directors were not in accord with the proceedings of the Committee as described above, and in the beginning of 1832 they communicated their sentiments to the latter body.<sup>2</sup> They observed that the demolition of the quay by the local authorities was not a matter of surprise,

<sup>1</sup> Letter from the Select Committee to the Supreme Government of India, May 6, 1831. *Papers relating to the Affairs of the E. I. Co.*, 1831-32, vol. xxxi, pp. 70-74.

<sup>2</sup> Letter from the Court of Directors of the East India Company to their Supercargoes in China, January 13, 1832. *Ibid.*, pp. 11-20.

inasmuch as the work was started without authority, and when the Chinese put repeated prohibitions on its completion, the Committee set all of them at defiance. They pointed out that the so-called new regulations were substantially similar to those previously enacted, and that although some of them possessed vexatious provisions the Committee could have secured a modification for them by "a temperate and judicious appeal." As for the resort to Canton of European ladies they wrote:

We cannot approve of the support which you gave to a continued disobedience of the laws prohibiting the residence of females at Canton, although repeatedly urged to obey them, both by the Hong merchants and by the edicts of the Viceroy.

Then they proceeded to give the Committee specific instructions for the guidance of their future actions. These instructions had great pertinence, and they throw so much light on the importance of the Chinese trade to England and India as well as on the general attitude of the Directors concerning the affairs at Canton that we will quote them somewhat in detail. The Directors stated:

The commerce between Great Britain and China is too important to be put to hazard without the most urgent and imperious necessity, and on no account upon considerations of a personal nature. It is of essential moment to the Indian as well as to the home revenues, both as regards the State and the East India Company, as well as in the regular supply of the British public of an article of general consumption (*i. e.*, tea).

We sought that trade originally: the advantages which it has yielded have induced us to exert every endeavour to secure its continuance. Those exertions have been attended with success; and although late events have led to the expression of opinions in favour of a more decided and less pacific course of policy, we are by no means prepared to adopt or to act upon such

opinions.

To attempt to maintain a purely commercial intercourse, such as that with China, by force of arms, would, in a pecuniary point of view, be anything rather than a matter of profit, even if justice and humanity could allow us for a moment seriously to contemplate such a step. We cannot, in fairness, deny to China the right which our own nation exercises as she sees fit, either by prohibiting, restraining, or subjecting to certain laws and regulations its commercial dealings with other countries. China must be considered free in the exercise of her affairs, without being accountable to any other nation.

It is our desire that you sedulously endeavour to avoid entering into any discussions with the Chinese government, except in cases of absolute necessity; and should such cases unhappily occur, we enjoin you to carry them on with temper and moderation, and that you close them at the earliest possible period.

It was next called to the attention of the Committee that they were not "the representatives of the British nation," but of the East India Company only, for on several occasions the Committee had renounced to the local Government all rights of interference with the ships of the British navy. Another point adverted to at some length was the application to the Supreme Government of India for the aid of ships of war. The Directors condemned this step and remarked:

It is a notion too commonly entertained and acted upon by you, and encouraged by foreign merchants residing at Canton, that nothing is to be gained from the Chinese by obedience to their laws and edicts, but that much may be obtained by intimidation; you may have succeeded for the moment in setting the government at defiance, but that government has not only taken the first opportunity to assert its dominion, but also with the view of making you feel the consequences of disobedience, it had almost invariably deprived you of some advantages which it had either tacitly or avowedly yielded to friendly remonstrances.

As regards the letter to the Government of India they pointed out that the Committee dwelt on the grievances only, and failed to give a full explanation of the causes that led to them—causes that originated not with the Chinese, but with the members of the British factory—thereby making it impossible for the Bengal Government to render a correct verdict on the question brought to their notice. They were of the opinion that the British private merchants were unconciliatory in spirit when they addressed the Chinese authorities, and unwarranted in criticising the laws of China, and the Committee were warned not to side with the English mercantile community and be “parties to resolutions and representations couched in terms of open defiance and hostility to the laws and regulations of the country.” In a later despatch the Directors justly maintained:

Whatever may be the position which Great Britain holds in the scale of European nations, or however extensive her empire in the East, we have no pretensions beyond the subjects of other nations to dictate to the Chinese government the principles upon which alone they are to carry on her trade with foreigners.<sup>1</sup>

These were the views and explicit injunctions of the Directors at London and they were strictly sane and just. Had they been the guiding principles of the British traders from the beginning of their intercourse with China, there would never have developed such an unworkable commercial system as the one at Canton, which was so full of evils and so beset with anomalies. Moreover, had the British Government paid some attention to them when it

<sup>1</sup> Letter from the Court of Directors of the East India Company to their Supercargoes in China, April 18, 1832. *Letters to Supercargoes*, 1832, vol. xxxi, pp. 10-13.

decided to take over the responsibility of the Directors in 1834, the first conflict between Great Britain and China might have been averted.

At about this time a smuggling trade in opium was carried on off the Lintin Island, and so successful did the illicit traffic prove to be, that hopes were entertained by the English that "a surreptitious trade of the same kind might be extended along the whole coast of China to the eastward, not only for opium, but for manufactured goods."<sup>1</sup> The opening of a trade with the northern ports seemed all the more desirable in view of the sanguine expectations held in England with regard to such a venture, and because of the irksome restrictions that had been freshly imposed at Canton. Accordingly, many attempts were made, among which may be mentioned the expedition of the "country" ship *Lord Amherst* in 1832. Loaded with a large variety of goods the vessel called at Amoy, Foochow, Ningpo, and Shanghai. Davis says:

No device of ingenuity or enterprise was spared to dispose of the goods on board, and to establish a traffic with the natives. These showed a very hospitable disposition towards the strangers; but all commerce was effectually prevented by the mandarins, except in one or two trivial instances. Some of the officers of Government were civil and forbearing, and even accepted of small presents; others less condescending, were fairly bullied by the people in the *Amherst*, their junks boarded, or their doors knocked down, and their quarters invaded. Still the same vigilance was exercised to prevent the trade, and trade was prevented.<sup>2</sup>

The experiment was a failure. The Chinese authorities stopped the traffic and for two reasons. They were under

<sup>1</sup> Davis, *The Chinese*, i, p. 123.

<sup>2</sup> *Ibid.*, i, pp. 124-125.

strict orders not to allow any foreign ship to trade at ports other than Canton. In the second place, the sudden appearance of English merchantmen created a great alarm among the officials, who apprehended that such vessels were but the precursors of a hostile squadron, and their apprehension was confirmed when the intruders set the local laws and customs at naught. In reporting on the trade conditions of Foochow Captain Lindsay, conductor of the expedition, gave us his conviction on the commercial possibilities at the prohibited ports of China in the following terms:

I therefore believe, that even in opposition to the expressed permission and authority of the Chinese government, a sort of forced trade, both in opium and all descriptions of British manufactures, similar in many respects to the trade which was carried on between England and the Spanish colonies before their independence, may be established and maintained at Foochow-fu, and that in a short time it would be connived at, and form a source of revenue to the local government on the same footing as the trade at Lintin.<sup>1</sup>

This passage well illustrates the British method of developing the trade during the third and fourth decades of the nineteenth century—a method which tended to exasperate the already unfriendly disposition of the Central and Provincial authorities towards the English, and finally brought about a great war.

Towards the termination of the rule of the East India Company outbreaks became more frequent. On several occasions Chinese were shot at with absolute impunity from ships engaged in smuggling opium (especially in 1831 and 1833), and in 1833 an Englishman by the name of Innes, without provocation, set a mandarin's house on fire. This

<sup>1</sup> *Papers relating to the Ship "Amherst,"* 1833, p. 45.



being the case, permanent peace at Canton was altogether out of the question. As a matter of fact, all the elements necessary for a great explosion were present, and it was not long before it actually took place. This was China's first war with Great Britain and will be dealt with in another chapter.

Having treated the early Anglo-Chinese relations somewhat in detail, we shall now turn to Russia, whose commercial intercourse with the Middle Kingdom did not begin until the arrival of her first embassy at Peking in 1567, although there are indications that the two neighbors had been in contact for several hundred years previous to that date. This first attempt to open communication was unsuccessful, and the same results attended the missions of 1619 and 1653. But these failures presented no obstacle to commerce, for during the seventeenth century (1658, 1672, and 1677) several caravans reached the Chinese capital for the purpose of trade. In the meanwhile, a frontier war was being waged between the Manchus and the Russians, who were expanding eastward, for the possession of the ill-defined territory of Albazin, on the Amur. The struggle was brought to a close by the Treaty of Nerchinsk, August 27, 1689, the first international convention ever signed by China. By it Russia abandoned Albazin and Manchuria, the boundaries between the two empires were defined, and the freedom of trans-frontier trade was provided for.

Other diplomatic missions from Russia visited the Celestial Empire at intervals. In 1693 Peter the Great despatched Ysbrandt Ides, who took a year and eight months to travel through the wastes and wilds of Central Asia. He was welcomed and treated with respect. The next envoy, Leoff Ismayloff, was sent in 1719 to put the trade between the two countries on a firmer basis. He also was

courteously received, and he returned home in high spirits. Then came the embassy of 1727, which was despatched by the Empress Catherine under Count Sava Vladislavich, and which proved very successful, in that it strengthened the bonds of friendship between the two states. It succeeded in negotiating the "Treaty of the Frontier," also known as the Treaty of Kiakhta, on October 21, 1727. This convention provided for the delimitation of the Russo-Chinese boundary near Kiakhta, for the regulation of the overland trade, and for the permanent establishment of a mission, consisting of four ecclesiastical members and six laymen, who were to remain at Peking and study the Chinese and Manchu languages, with a view to obtaining a more intelligent communication between the two nations. These members were to be changed once every ten years. In 1733 the Chinese sent an embassy with a large suite to St. Petersburg, where presents were exchanged with the Russian court.

Sometime between 1730 and 1768 the caravan trade ceased to be conducted at Peking, and was subjected to regulation by the organization of two marts on opposite sides of the border, the one at Kiakhta, on the Russian, the other at Maimaichen, on the Chinese side. In 1768 another Russian ambassador was despatched to China, and he concluded a convention at Kiakhta, amending the treaty of 1727 and dealing with the subject of the extradition of criminals. Twenty-four years later the Chinese authorities at the border signed an agreement with the Governor of Irkutsk, by which the trans-frontier trade, particularly that at Kiakhta, was regulated. This traffic was one of barter, in which the Chinese exchanged their tea, silk, and cotton cloth for the furs, skins, and broadcloth brought by the Russians.

Up to the beginning of the nineteenth century the Rus-

sians traded with the Celestial Empire by land only, but in 1806 they sent two ships to open up trade at Canton. They succeeded in selling their goods and were permitted to carry away a cargo just before the arrival of orders from Peking to have the vessels detained. The Chinese Government maintained that the commercial treaties between Russia and China authorized an overland trade alone, and did not make provision for a sea traffic, which belonged exclusively to those countries which were "accustomed to frequent the port of Canton." Unlike the British commerce at Canton, the trans-frontier trade with Russia gave birth to no important complications, and the early intercourse between the two empires was characterized by the absence of such outrages and aggressions as those depicted in the preceding pages.

Peaceful also were the early relations between France and China. Moreover, they were almost exclusively religious in character, and it was largely due to the endeavors of the French missionaries that a better understanding between Europe and the Chinese Empire was made possible. As far back as 1253 Louis IX despatched a Franciscan monk eastward, with a view to converting the Mongol Tartars, who were extending their marvelous career of conquest into the heart of Europe. On the contrary, their first commercial attempt did not take place before 1660, when a company was formed to trade with India and China; but the traffic resulting from this was very insignificant, for their ships reached Canton only at long and irregular intervals. A letter was addressed to the Chinese Emperor by Louis XIV in 1688, but it was written for the purpose of recommending some French Jesuits to him. In 1698 the French reorganized their trading company; in 1728 they opened a factory at Canton; and in 1745 the permission to land their goods at Whampoa was secured; still they seldom

sent out more than two small merchantmen a year, and their trade remained unimportant for the rest of the eighteenth century. The tri-color of France was hoisted at Canton in 1802, but it was hauled down by the English in the following year, owing to the renewal of hostilities between the two mother countries after the Peace of Amiens. It was not until 1832 that the consular flag was again displayed, notwithstanding the fact that a French consul had been recognized by the Chinese Government three years previous to that date. The first embassy from France arrived in 1844, when the first treaty between the two states was concluded.

Before becoming an independent nation, whatever relations the Americans had with the Celestial Empire was through the East India Company, which sold part of the tea it bought in China to the British colonies in North America. This indirect trade, it is interesting to note, occupies a niche in the history of the United States, for it was the insistence of the English Company, at a critical moment, that America should purchase its surplus tea, which led to one of the first acts of the War for Independence, the Boston Tea Party of 1773. As soon as the struggle was brought to a successful termination, the Americans prepared to enter upon Chinese trade on their own account, and in 1784, the year after the Treaty of Versailles, they established direct connection with Canton by sending there a pioneer trading vessel from New York. Upon their arrival they were introduced into the intricacies of the commercial system at Canton by the French; and with this timely assistance they made a splendid beginning, which was well followed up by expeditions of a similar nature. Unimpeded by the restrictions of a commercial monopoly like the East India Company, the trade grew steadily; and furthered by the shrewdness of the American merchants, as well as by

the neutral position of the United States during the Napoleonic wars, it underwent a remarkable development, ultimately attaining a place second only to that of the British. This rapid advance was repeatedly held up as a model for English emulation in the various Parliamentary inquiries during the last twenty years of the East India Company's charter.

The early trade with the United States never involved the two countries in any serious entanglements; it was marked with great tranquillity. The Yankee sailors were more obedient to discipline than the British seamen, whose turbulent conduct in Chinese waters had given rise to so much embarrassment and to so many interruptions of the traffic, that it formed, as we have seen, one of the two main contentions advanced by the Directors of the English Company against the indiscriminate admission of the British private merchant into the trade between China and continental Europe. Furthermore, the American merchants, unlike the British traders, did not endeavor to set the local laws and regulations at naught. On the contrary, they held themselves amenable to the legal system of the country into whose jurisdiction they had voluntarily entered. As a result, the Chinese were more disposed to give every facility and encouragement to the trade with the Americans, in favor of whom the enforcement of some of the rules on foreign commerce was considerably relaxed.

The only political incident connected with this early intercourse was the homicide of a Chinese woman by an Italian sailor on board the American vessel *Emily* in 1821. The man was found guilty, but the captain of the ship refused to deliver him up to the Chinese authorities. In consequence the American trade was suspended, and it was not resumed until the culprit was handed over for execution. On this occasion the Americans did not persist in

opposing the laws of the Celestial Empire, and were asserted to have declared at the trial: "We are bound to submit to your laws while we are in your waters, be they ever so unjust. We will not resist them."<sup>1</sup> Such was the position maintained by the Americans at Canton, and they did not deviate from it until 1844, when Caleb Cushing signed the first treaty between China and the United States, by which the former's consent to the principle of extra-territoriality was secured.

At different times during the period under consideration other maritime nations of Europe also approached China for commercial purposes, but their trade assumed only small dimensions and there were no events of importance connected with it. The Swedes maintained a factory at Canton, and although their East India Company was founded in 1627, their merchants traveled to China in foreign ships. In 1731, however, they despatched one vessel to Canton, but the attempt was followed up by no more than two vessels a year on the average for the rest of the century. Essentially similar was the trade of the Danes, who also occupied a factory. During the period 1732 to 1744 they were said to have sent 32 merchantmen to China, but of this number only 27 returned. The Danish traders and those of Sweden and France carried on a smuggling trade in tea along the coasts of England, from which they derived the greater part of their profit.

Then we have the Imperial factory which was connected with the commercial interests of the modern Kingdom of Belgium, and, perhaps, with those of the Hansa towns in addition. Notwithstanding the fact that German Jesuits visited China as early as the time of Matteo Ricci (1582-1610), and Frederick the Great opened the intercourse in 1752 by

<sup>1</sup> *North American Review* (Jan. 1835), vol. x1, p. 66.

establishing an Asiatic trading company and despatching two vessels to Canton, the rise of German influence in the Celestial Empire did not take place until after the Franco-Prussian war. Several Prussian vessels reached China towards the close of the eighteenth century, but their traffic did not amount to much. The early relations with Italy were of a missionary rather than a mercantile nature. After the successful trade developed by the Genoese and Florentine merchants in the first half of the fourteenth century was brought to a standstill immediately following the fall of the Mongol dynasty (1368), the Italians made no effort to secure a commercial foothold in China. As for the Portuguese, they had no traffic at Canton, since their trade was conducted direct from Macao; and whatever nationals they had at the former place were employed in the factories belonging to other countries. Besides the above we have still other traders from the Western world, and the factory district of Canton was frequented at one time or another by an alien population,<sup>1</sup> small but most cosmopolitan in character, consisting, as it did, of English, Americans, Dutch, French, Spanish, Swedes, Danes, Prussians, Austrians, Italians, Peruvians, Mexicans, and Chilians—to say nothing of Asiatic foreigners such as Indians and Parsees.

Before concluding this chapter it will not be inappropriate to dwell briefly upon the commercial relations with Japan during this era. While the Europeans were reaching the shores of the Middle Kingdom, the Chinese were engaged in a brisk junk traffic between Japan and China, Formosa, Tongking, Cambodia, Siam, and the East Indies.

<sup>1</sup> During the season of 1836-1837 the adult male foreign population at Canton was 307, of which 158 were British; 62, Parsees, 44, Americans; 28, Portuguese; 4, Indians; 4, Germans; 3, Dutch, 2, Swiss; 1, French; and 1, Danish. The number of foreign firms was 55, distributed as follows: British 31, Parsees 11, Americans 9, and sundry 4 Morse, *Intern. Rel.*, pp. 72-73; *Chin. Rep.*, v, pp. 426-432

In those days Chinese merchants were always welcomed and tolerated by the Japanese; and being thus favored, their trade with the latter advanced steadily, and during the last quarter of the seventeenth century it increased by leaps and bounds. In each of the years 1683 and 1684, for example, over two hundred Chinese junks arrived at Nagasaki, with at least fifty persons on board of each.<sup>1</sup> This rapid growth aroused the jealousy and suspicion of the Japanese authorities, who hastened to devise measures to check its further progress. So in 1685 they limited the total annual traffic of the Chinese to not more than 600 chests of silver, or T 600,000 to be taken over to Japan in seventy junks.<sup>2</sup> Whatever goods were shipped beyond this fixed sum were not permitted to be sold, but must be sent back. And this not infrequently happened, but junks with such a cargo on board were usually approached by Japanese smugglers, who purchased the undisposed goods at a bargain. Three years later the Chinese, who used to enjoy ample liberty, were assigned to live in a special settlement, which was so constructed that it had "the horrible aspect of a strong prison." For this factory they had to pay a rental of T 1,600 per annum. Moreover, a discriminating duty of 60 per cent was placed on all Chinese imports. This had the effect of putting the Chinese merchants at a disadvantage in their competition with the Dutch, who were not so heavily taxed, and whose profits from the Japanese trade were not inconsiderable. Finally, with a view to preventing the outflow of specie from Japan, the Chinese were not allowed to export the money which they received for their sales, but were to use them in buying Japanese goods in return.

<sup>1</sup> E. Kaempfer, *The History of Japan* (translated by J. G. Scheuchzer), vol. ii, p. 250.

<sup>2</sup> *Ibid.*, p. 251. The Dutch trade was fixed in the same year at just half the amount permitted to the Chinese.



The list of commodities imported into the island Empire by the Chinese was a fairly long one and consisted of the following: raw silk, all kinds of silken and woolen stuffs, sugar, lead, tin, quicksilver, copper and brass, porcelain, rare woods, drugs, pictures and works of art, gems, various edibles, philosophical and theological books, musk, glass, and furs. Exports from Japan were copper, camphor, lacquered wares, and umbrellas, but mainly sea food — *bêche de mer*, dried cuttle-fish, sea-weeds, and various kinds of salted fish. There always existed a good market in China for marine products, and when that trade was in a healthy condition its total exports at Nagasaki amounted to approximately one million pounds a year.

The communication with Japan was continued throughout the eighteenth century as well as the first part of the nineteenth, although fresh restrictions were imposed upon it by the Japanese as time went on. Following the opening of China in 1842, the Chinese commercial intercourse with the Europeans was subjected to regulation by conventions, but the first treaty between Japan and the Celestial Empire was not concluded before 1871.

## CHAPTER III

### THE "CLOSED-DOOR" POLICY

It will be seen from what has been recorded in the preceding chapter that with the advent of the modern era the attitude of China toward foreigners throughout the ancient and mediæval times underwent a complete transformation, a transformation which was destined to be continued with increasing force for more than three hundred years. From the beginning of the sixteenth century the Chinese Government abandoned its traditional mood of tolerance and magnanimity toward outsiders, and adopted in its place a trenchant policy of surveillance and restriction, amounting practically to non-intercourse. The question at once attracts our attention: What are the reasons for the adoption of this new attitude? Various causes may be assigned for it, but the following are the most important; and although allusion has already been made to most of these, it is, nevertheless, necessary to bring them together in order to obtain a clear picture of the whole situation. They are five in number: (1) the unsatisfactory conduct of the westerners in general; (2) the fear of European aggression; (3) the unsettled conditions within the Empire; (4) the lack of an adequate system of law for the government of aliens; and (5) the treatment of Chinese subjects by foreigners in their colonies, which invited retaliation. Let us now briefly examine each of these.

1. *The unsatisfactory conduct of the westerners in general.* The chief reason for the new policy is to be found in the behavior of the early European traders, which was

marked, as we have seen, by extreme lawlessness. The depredations and brutalities of Simon de Andrade, the plunder of the tombs of Chinese kings by Mindez Pinto, the raping of women and young girls near Ningpo by the Portuguese, and their outrages at Ts'uanchow, the terrible massacres of the Chinese in the Philippines by the Spaniards, the forcible occupation of the Pescadores by the Dutch, and the bellicose spirit shown by Captain Weddell and other English traders—all these striking experiences could not but breed contempt in the minds of the Chinese for the peoples of the West and make them ill-disposed to cultivate intercourse with the Occident. Writing in 1899, Harold E. Gorst, a British authority, says :

Rapine, murder and a constant appeal to physical force, chiefly characterized the commencement of Europe's commercial intercourse with China. It was not until they had fully earned the title, that the Europeans acquired the disagreeable appellation of "foreign devils." In the eyes of the Chinese, the goal at which all Western barbarians aimed was war and robbery.<sup>1</sup>

While speaking of the Portuguese, Sir John Davis writes (1836) :

Their early conduct was not calculated to impress the Chinese with any favourable idea of Europeans; and when, in course of time, they came to be competitors with the Dutch and the English, the contests of mercantile avarice tended to place them all in a still worse point of view. To this day the character of Europeans is represented as that of a race of men intent alone on the gains of commercial traffic, and regardless altogether of the means of attainment. Struck by the perpetual hostilities which existed among these foreign adventurers, assimilated in other respects by a close resemblance

<sup>1</sup> Cited in G. H. Blakeslee (ed.), *China and the Far East* (N. Y., 1910), p. 38.

in their costumes and manners, the Government of the country became disposed to treat them with a degree of jealousy and exclusion which it had not deemed necessary to be exercised towards the more peaceable and well-ordered Arabs, their predecessors.<sup>1</sup>

And to this Dr. Wells Williams adds :

These characteristics of avarice, lawlessness, and power have been the leading traits in the Chinese estimate of foreigners from their first acquaintance with them, and the latter have done little to effectually disabuse Orientals upon these points.<sup>2</sup>

That the ill-conduct of the Portuguese and others was aggravated by their bitter contests of mercantile avarice is evident from the second quotation. But a word must be said about the policy of restricting the trade of other states at that period. Those were the days when the Mercantile System was playing its great rôle in Europe, when foreign commerce was regarded as having a peculiarly high value for the increase of national strength and independence, and when the economic policy of every Western nation was to exclude the competition of other nations in foreign markets, thereby obtaining a monopoly of trade for itself. If we bear this fact in mind we will see distinctly that when the Portuguese, the Dutch, and the English endeavored to oust one another from the Chinese field, they were merely acting under the impulse of the time. It was expedient for them to pursue such a course and there was really nothing contemptible about it.

But it was an altogether different matter with the Chinese. To them these contests of commercial avarice, whether prudent or not, represented something repugnant to the preservation of peace and good order in China, inas-

<sup>1</sup> Davis, *The Chinese*, i, p. 21.

<sup>2</sup> Williams, *Middle Kingdom*, ii, p. 427.

much as the methods employed in gaining the traffic were violent and grossly perverse of the accustomed order. Consequently, the officials of China condemned such tactics and came to look with absolute disfavor upon foreign trade and upon those who were trying to develop it in this manner.

The name of foreigners was also brought into discredit by the sharp religious dissensions which existed among the Roman Catholic missionaries in the seventeenth century. The controversy was a sectarian one, and raged between the Jesuits on the one side, and Dominicans and Franciscans on the other. The former sanctioned the time-honored custom of ancestral worship as a civil rite and tolerated its observance by their Chinese converts, and accepted the Chinese word *T'ien* (*i. e.*, Heaven) as the proper appellation for the Christian Deity; while the latter opposed them vehemently, maintaining that the rites paid to the deceased ancestors were idolatrous and that *T'ien* signified the material universe.

Finding that their opinions were upheld by the Chinese Emperor, the Jesuits refused to yield any ground to their opponents. The polemics were then referred to the Pope at Rome, who decided the whole issue in favor of the disciples of Dominic and Francis. Naturally, this led to the conflict of authority between the Emperor and the Bishop of Rome, which in turn resulted in the withdrawal of the Imperial protection from the missionaries. The Chinese ruler had been brought to realize that since the new creed gave birth to strife and resistance, its tendency was to undermine his sovereign control over his own subjects, to create an *imperium in imperio*. This contention was strongly confirmed by the news from Japan that the presence of Catholicism there generated nothing but schisms and intrigues. Further steps were taken to check the en-

deavors of the foreign missionaries; and non-protection of Christian propagandists gradually developed into prohibition, which soon passed into persecution. The Chinese could not see how the Jesuits, Franciscans, and Dominicans, who were followers of the same religion, could engage in bitter quarrels, and they, therefore, looked upon the Christians with contempt. Had the early missionaries been more prudent, and abstained from their sectarian disputes as well as from openly assailing the practice of a cult which formed the very core of the Chinese social organization, they would have continued to enjoy the Imperial patronage of their scholarship and lasting toleration for their religious propaganda.

2. *The fear of European aggression.* With the unfavorable first impressions of foreigners indelibly fixed in their minds, the Chinese could not help regarding the arrival of the Europeans with jealousy and suspicion. They were alarmed that the strangers, who were reaching the Celestial Empire in large numbers, might have come for a sinister purpose. This apprehension was greatly strengthened by the reports of the conquests made by the Portuguese and others in India, the Malay Peninsula, the Philippines, and the East Indies, and their brutal treatment of the conquered natives — calamities which the Chinese felt might befall their own nation sooner or later, if they took no precautions to adopt a more restrictive policy towards aliens within their boundaries. It was this same fear of attack by the aggressive westerners that influenced the Japanese to exclude Europeans from their dominions, with the exception of the Dutch traders, whom they confined to the small island of Deshima, where they could be promptly held in check in case of necessity. This policy of non-intercourse was unflinchingly pursued by Japan for two and a half centuries until the visit of Commodore Perry in 1853.

In 1511 the Portuguese violently seized Malacca, one of the feudatories of the Chinese Empire; and seven years later they took the island of Shangchuan, near Macao. In 1543 the Spaniards subdued the Philippine Islands, where the Chinese had large trading settlements long before the appearance of the Iberians in that region. And in 1622 the Dutch, after having failed in their attack upon Macao, captured by force of arms the Pescadores, a group of islands situated between Formosa and the mainland, and belonging to the Celestial Kingdom, although there existed no cause for hostility between China and Holland. These acts of aggression brought home to the Chinese rulers that intercourse with the West could foster nothing save foreign encroachment and the gradual destruction of the independence of the Empire, and as such must, therefore, be nipped in the bud.

The dread of the political power of the Europeans was further stimulated by the doings of the British in the East during the latter part of the eighteenth and the beginning of the nineteenth century. The successful extension of the British arms and possessions in India and the Eastern Archipelago could not fail to alarm the Chinese, especially when that program of colonial expansion included Nepaul, a vassal of China; and when the Chinese themselves had come into contact, in their own territory, with the armed strength of England in 1802 and 1808, when Macao was forcibly occupied and retained by British forces in strict violation of China's sovereignty.<sup>1</sup> Furthermore, the attempt of the English in 1814 to capture an American vessel in the Canton River—fully within the sphere of Chinese neutrality—and the constant hovering of their warships about the coasts of China, coupled with the remarkably de-

<sup>1</sup> Cf. *supra*, pp 73-75.

fiant attitude assumed by officers of the British navy towards local authority when in Chinese waters, rendered it impossible for the Celestial rulers not to believe that the race which had already imposed its yoke upon one Asiatic empire was not really planning for the subjugation of their own country.

3. *The unsettled conditions within the Empire.* The pursuance of a policy of seclusion was all the more desirable in view of the disturbed conditions within the Kingdom at that period. Toward the close of the sixteenth century the glory of the Mings was on the wane and indications of a political convulsion were not wanting. From that time to the middle of the next century China was torn internally by widespread dissensions, besides being threatened with an invasion by the Japanese *via* Korea (1592), and actually attacked from the north by the Manchus, before whose inroads the native Chinese dynasty tottered to its fall in 1644. Amid bloodshed and insurrection the whole Celestial realm was, therefore, left helplessly exposed to the assaults of even the most insignificant foe who might choose to avail himself of China's weakness to begin plans of conquest and subjugation. For the preservation of a state the constant vigilance on the part of its government is necessary. It required nothing more than common sense to perceive that under existing conditions the presence of a large aggregation of westerners, whose designs had proved hostile and usurping, constituted a standing danger of the most serious order to the peace of mind and safety of the rulers at Peking.

However, restrictive measures for regulating intercourse with the Europeans were not adopted until after the Tsing dynasty (1644-1911) had assumed the Imperial throne of China. Reigning over an Empire of freedom-loving and ardently national millions in a territory almost the size of



Europe, the Manchus, a small Tartar tribe, had every reason to fear a possible reprisal from their Chinese subjects, whom they subdued only after more than an entire generation of war, and who, they were afraid, might seek to overthrow their Tartar yoke by securing the assistance of the warlike strangers from the West. Thus influenced, they looked upon foreign commerce and intercourse with unqualified disfavor.

Moreover, this fear of retaliation led the Manchus astray in another direction. It suggested to them the desirability of assuming a display of supremacy to all outside powers. For by so doing they hoped to inspire and maintain respect among their Chinese subjects, thereby securing the latter's adhesion to the new administration. Holding such a belief they were inclined to impress foreigners who visited the Celestial Kingdom with a sense of the power and magnificence of their superiority. But it is not to be denied that the violent proceedings of the Portuguese, the Spanish, the Dutch, and the English served to corroborate the conviction of the Manchus as to the rude inferiority of the westerners.

4. *The lack of an adequate system of law for the government of aliens.* A fourth reason for the change of attitude, one which must have suggested itself after a perusal of the first, is the necessity for the regulation of aliens. The intercourse between China—and, for that matter, the whole East—and the West is essentially the collision of their respective civilizations. The Oriental philosophy of life aims at peace and stability and is characterized by the desire to conserve the past; while that of the Occident looks for change and is full of energetic action. It can be readily seen that the clash of two such diametrically opposed civilizations could not but breed mutual misunderstandings, which in turn generated constant friction between the representatives of the two ideals.

In addition to possessing national traits entirely different from the Chinese, the early adventurers from Europe were wholly ignorant of the habits and customs, traditions and language of the people with whom they were attempting to establish commercial connections. To keep peace and order within such a community and to regulate its relations with the Chinese people, the local laws would prove, to a large extent, unworkable and ineffectual. And as the disorderly conduct of the foreigners tended to show that they had no rules of their own, rules which the Chinese could accept as an adequate substitute for their national laws, a new system of control was obviously imperative. Accordingly, new regulations were introduced to supplement the laws of the land, and, not unnaturally, they were drawn without due consideration for the feelings and interests of the foreigners, whose general behavior was anything but calculated to promote hospitality or inspire respect.

5. *The treatment of Chinese subjects by foreigners in their colonies, which invited retaliation.* Finally, there is the natural desire of requiting the Europeans for the treatment which they gave to the Chinese in their Eastern possessions. For instance, when the Dutch captured the Pescadores in 1622 they coerced the Chinese there to build forts for them and treated them with peculiar severity. Later on when they were in possession of Formosa they attempted to resist Chinese immigration into the island; and Chinese traders in the Dutch East-Indian dominions were put under strict and discriminating regulations. Harsher still was the treatment which the Celestial settlers received from the Spaniards at Manila. They were practically excluded from the Archipelago and their trade, instead of being encouraged, was subjected to very burdensome taxation. The Spanish massacres of 1602 and 1662, by which over forty thousand helpless and unoffending

Chinese in the Philippines were butchered, constituted an object lesson for the Celestial Government as to the proper method of handling the turbulent foreigners within the Empire.

Thus in putting her commercial intercourse with the westerners under a system of restrictions, China was merely requiting like for like. She was only exercising the sovereign right of dictating within her dominions the terms on which her foreign trade was to be conducted, just as the aliens did within theirs. And, of course, she expected that her orders would be obeyed by those who voluntarily resorted to her jurisdiction, in the same way that Chinese subjects submitted to the laws of the Europeans, be they ever so unjust, when inside their territory. But at that moment China did not realize that there were then, just as there are today, two sets of laws, one for the peoples of the Occident and another for those of the Orient; that what it was right for the former to do might not be necessarily so for the latter. Here was another lesson that had to be taught, but the opportune hour for the lecture had not yet arrived.

Under the circumstances just enumerated China would have acted most unwisely indeed if she had not adopted precautionary measures of espionage and restriction in dealing with the aliens in the country. Would the most unsuspicious of Western nations have done less? China had always appreciated the benefits of industry and trade, and so long as the aliens respected her laws and deferred to her systems, she entertained no idea of placing her foreign commerce under a "closed-door" policy. But when the foreign traders began to set her laws at defiance and to resort to outrages and violence for the purpose of obtaining admission into her trading centers, she had no alternative except to bolt her doors, which hitherto had been thrown wide open to those who chose to enter.

Therefore, facts—and facts are stubborn things—prove to us that the Chinese exclusiveness, which originated in the beginning of the modern era, and reached the zenith of its strength in the middle of the last century, was not only not “innate”, but also far from “unreasoning”, as most European writers depict it to be. It was simply the natural effect of the insufferable conditions of foreign intercourse at the time. What the westerners found China to be in 1834-1860 was what they themselves had made her.

But the enforcement of the “closed-door” policy, although necessary, and, doubtless, the safest measure possible, produced two serious effects. In the first place, China, like Japan during her period of seclusion, was for over three centuries virtually segregated from Western civilization and remained outside the pale of that wholesome international competition by which the life of a nation can alone be maintained and invigorated. This isolation paralyzed China’s natural power for change and development through the unrestrained influx of extraneous ideas and influences, thereby obstructing her national growth. While the peoples of the West were marching forward towards the goal of “progress,” the Chinese were practically making a halt; and it is, therefore, not surprising that upon resuming their journey they should discover themselves left far behind the material development of the Occidental civilization. A policy of exclusion may provide for peace and the maintenance of equilibrium, but it promotes stagnation and checks improvement.

Secondly, the application of restrictive measures inevitably engendered a feeling of distrust and resentment among the foreigners toward the Chinese Government. Their dissatisfaction was manifested in the slight which they put upon the constituted authority of the country. But this refractory attitude on the part of the aliens furn-

ished a pretext for the Chinese officials to place their commercial intercourse with the West on an increasingly narrower basis, until in 1757 it was prohibited at any port other than Canton. The foreign traders, of course, protested against the objectionable regulations with great vehemence; and under the plea of vindicating their rights, they committed "acts of atrocious violence." Furthermore, with a view to obtaining redress for their grievances and an extension for their trade, numerous embassies were despatched to Peking by the European nations, but nearly all of them failed to secure tangible results. Morbidly inflamed by the successive failures of their petitions, and chafing under the injustice of the restrictions on the traffic, the westerners retaliated by setting at defiance every exercise of authority by the Chinese. They acted according to the sanctions and vetoes of their conscience, and if the local officials tried to oppose their views of propriety they upheld them by an appeal to force. On the other hand, as the foreign merchants became more and more mutinous and unmanageable, the Celestial Government grew increasingly arrogant, and made every endeavor to bridle tighter than ever before the reins restraining foreign commerce and intercourse. This precarious method of conducting relations was obstinately maintained by both parties. It became more rigid as time went on; and ultimately it gave rise to an unavoidable war, which swept away all barriers of surveillance and exclusion; and initiated a new system of regulating foreign intercourse, just as arbitrary and mischievous as its predecessor.

## CHAPTER IV

### THE TURNING POINT OF THE FOREIGN TRADE OF CHINA (1834 TO 1860)

The year 1834 is a memorable year in the history of Anglo-Chinese commerce. It was at this date that the East India Company's Chinese charter expired, and the British Government, acting under the influence of the free-trade movement in England at the time, decided not to renew it, but to put the English trade with China under its direct supervision. A brief account of the whole background which produced this important action on the part of the British Government is admirably given by Sargent. His summary well elucidates the condition of the Chinese trade at that period and is worth full quotation :

The whole trade of the United Kingdom and of British subjects with China was nominally in the hands of the Company until April, 1834. The tea trade was exclusively theirs; British subjects and vessels were forbidden to deal in tea in any way whatever. The Company reserved also the whole trade between the United Kingdom and China, with the exception of a small portion allowed by way of privilege to the officers of their ships. But they granted licenses to all Indian ships to trade from India to China, and allowed them to export a limited amount even of tea to intermediate ports. This licensed trade had increased greatly. The Company did not grant licenses to British subjects, other than those in their employ, to reside in China; but there were a small number, for the most part acting as Consuls for foreign nations, and doing an extensive business. One of the chief causes of com-

plaint was the exclusion of British shipping from the trade between China and continental Europe; the more so as the Company did not touch the business itself. It was left entirely to the foreigner. The servants of the Company at Canton were admitted to have great influence with the Chinese, together with certain exclusive advantages. On the whole, they had upheld the general interests of foreigners, though there were naturally many complaints from individuals. Funds for the purchase of tea at Canton were provided by exports of British and Indian manufactures and produce; but during the last Charter there had been a decrease in the export of British manufactures, more especially woollens, and in some cases British goods had been bought by the Americans at lower prices and exported to China in competition with the Company. There was considerable conflict of evidence as to the profits of the Americans, but there was no doubt as to the growth and continuance of the trade. The Company on the other hand, owing to popular pressure, had been exporting British manufactures at a loss. Evidence was given as to the great difficulty found in inducing the Hong merchants to take goods in exchange for tea, which was now the sole export of the Company from China. There was the widest difference of opinion as to the effect of the operations of the Company on the general level of prices in the China trade.

The moving force behind Parliament was the large party, both of traders and theorists, who advocated open trade on various grounds. The main contention was that the removal of the monopoly would lead to a great increase in the consumption of British manufactures in China, owing to the superiority of individual over corporate enterprise. In proof of this, the great expansion of Indian trade, since it was thrown open (in 1813), was instanced, and the example of the American success in China. The price of tea might rise for a time, but in the end transport would be cheaper and the consumer would benefit. The Company could still trade, and, on its own showing, should be infinitely superior to the private merchant.

The advocates of monopoly, as in 1820, relied mainly on two types of argument, the one commercial, the other political. They pointed out that the Hong monopoly was a continual menace to trade. The introduction of a number of competitors would give the Hong an opportunity of which they would be quick to avail themselves. The market would be permanently cornered; prices would rise and the quality of tea would deteriorate. Nor would the British exporter benefit. The market for British manufactures was strictly limited, in spite of the enormous population of China, by the restriction of trade to a single port and the heavy duties levied on goods in transit to the interior, more particularly to the north where woollens were necessary. On the other hand, unrestricted intercourse at Canton would lead necessarily to frequent disturbances. The Company had often suffered from these, in spite of all precautions; trouble on a grand scale might lead to the total prohibition of the trade. Above all, the tea trade of the Company was regulated by Parliament, and the profits were necessary in order to meet the obligations imposed on them in the administration of India. India would suffer, even in the doubtful event of the British consumer getting a reduction in the price of tea; but India could not afford the loss and it must ultimately fall on the British taxpayer. If free trade were to be adopted, it would be necessary to abolish the Hong monopoly and to negotiate a commercial treaty as a basis of intercourse. But the Chinese were not likely to enter into any such arrangement without coercion, nor was it to be expected that a British Consul, unconnected with trade, would possess greater authority than the Company, in view of the fact that the Chinese refused consistently to recognize foreign dynasties. The so-called foreign Consuls at Canton were not recognized officials, but mere commercial agents with no administrative authority and no special influence with the Chinese. In short, the partisans of the Company, relying on past experience, prophesied political trouble with no compensating commercial advantage, as the result of the opening



of the trade. Their forecast was not entirely without realization in the near future.<sup>1</sup>

In pursuance of the Act of Parliament, entitled "An Act to regulate the trade to China and India,"<sup>2</sup> by which the commercial monopoly of the East India Company was abolished on April 22, 1834, Orders in Council were issued, authorizing the appointment of three "Superintendents" for the purpose of protecting and promoting the British trade with China, and creating "a court of justice, with criminal and admiralty jurisdiction, for the trial of offences committed by His Majesty's subjects within the said dominions, and the ports and havens thereof, and on the high seas within a hundred miles of the coast of China." Such a court was to be held at Canton or on board any English vessel at that port and the power of holding it was provisionally vested in the chief Superintendent.<sup>3</sup>

Accordingly, three Superintendents of the trade of British subjects in China were appointed by a Royal Commission in December, 1833, and William John Lord Napier was designated as the chief of these. Under the Royal Sign Manual of December 31, 1833,<sup>4</sup> Lord Napier and his colleagues were given a list of general instructions for their information and guidance. They were commanded to "watch over and protect the interests" of British subjects in China and by exerting their utmost influence to "adjust by arbitration, or persuasion," all disputes between

<sup>1</sup> A. J. Sargent, *Anglo-Chinese Commerce and Diplomacy*, pp. 40-43.

<sup>2</sup> 3 & 4 Will. IV, c. 93.

<sup>3</sup> A third Order in Council, empowering the Superintendents to impose duties on British vessels and cargoes entering Canton, was never put into effect, having been revoked by the subsequent Order in Council of March 5, 1834. *Correspondence relating to China*, 1840 (vol. xxxvi), p. 6.

<sup>4</sup> *Ibid.*, pp. 2-4.

English subjects, or between English and Chinese or nationals of any other foreign country. And should this work of mediation lead them to any unavoidable complaint or protest to the Chinese Government they were to "observe all possible moderation," and must carefully refrain from employing threats or making appeal to the British naval and military forces for protection, save in cases of the most pressing necessity. They were to "avoid all such conduct, language, and demeanour as might needlessly excite jealousy or distrust," or "irritate the feelings, or revolt the opinions or prejudices of the Chinese people or Government," with whom they were to "study by all practicable methods to maintain a good and friendly understanding." And, above all, they must constantly keep in mind and also inculcate upon the British subjects in China "the duty of conforming to the laws and usages of the Chinese Empire, so long as such laws shall be administered towards (British subjects) with justice and good faith; and in the same manner in which the same are or shall be administered towards the subjects of China," or towards other aliens residing in China.

This policy of the British Government presented nothing objectionable, except the creation of a court of judicature, which would mean an encroachment upon the sovereignty of China. But Lord Napier was specially instructed not to set up any court until he had investigated into and reported on the question. On the whole, it evinced a spirit of moderation and conciliation, and would have, doubtless, proved acceptable to the Chinese had the change of system been prefaced by negotiation, explaining and authenticating Lord Napier's appointment.

But the above formed only a part of what was intended by the British Foreign Office, for particular instructions,<sup>1</sup>

<sup>1</sup> *Corr. rel. China*, 1840, pp. 4-5.

dated January 25, 1834, were conveyed to Lord Napier by its head, Lord Palmerston. The English Government was not satisfied with the mere continuation of the existing conditions of the intercourse, and Lord Napier, while "protecting and fostering the trade," was enjoined to "ascertain, whether it may not be practicable to extend that trade to other parts of the Chinese dominions." He was to find the best means of opening direct communication with the Imperial Government and to ascertain the cost of a survey of the Chinese coast, as a preparation for possible belligerent operations in those waters. He was also advised not to begin any proceedings under the Order in Council establishing a Court of Justice until the judicial question had received his careful deliberations. It was in this same letter that we find the following short paragraph, containing "the fuse which was to fire the petard": "Your Lordship will announce your arrival at Canton by letter to the Viceroy." That is to say, as Morse puts it:

The chief superintendent was instructed that every effort was to be made to conform to all Chinese regulations and to consider all Chinese prejudices, and at the same time was forbidden to call in the aid of the armed forces of the crown; and yet he was required to adopt a course which would convert him from a mere superintendent of trade—a *taipan*, as the Chinese would consider it—into a royal envoy, and would break every Chinese regulation and offend every Chinese prejudice.<sup>1</sup>

Lord Napier reached Macao on July 15, 1834. Accompanied by his suite he hurried to Canton ten days later, without applying to the Canton Customs (the Hoppo) for a permit, which was always required of all foreigners going to that port, or even waiting for an interview with

<sup>1</sup> Morse, *International Relations*, p. 121.

the senior Hong merchants who were despatched to Macao for the purpose of learning the object of his mission. Upon reaching Canton he wrote a letter to the Viceroy, announcing his arrival. He was at once waited upon by two of the Hong merchants, but he refused to use them as the medium of transmission, dismissing them with the intimation that he would "communicate immediately with the Viceroy in the manner befitting His Majesty's Commission and the honour of the British nation."<sup>1</sup> No mandarin could, however, be found willing to deliver the missive and the letter was rejected on the ground "that as it came from the Superintendent of Trade the Hong merchants were the proper channel of communication."

The Viceroy addressed four edicts<sup>2</sup> to the Hong merchants, pointing out that the new representative had an entirely different status from his predecessors, the supercargoes, who had resorted to Canton only under permit; and he should, therefore, reside at Macao until the Imperial will on the new arrangement had been ascertained. That if the chief Superintendent had any changes to introduce into the prevailing system of conducting the traffic, as a result of the dissolution of the Company, he must convey such proposals to the Hong merchants. These would petition the Viceroy, who, in turn, would send a memorial to Peking, and then "all must respectfully wait till the mandate of the Great Emperor has been received." In landing at Canton without permission Lord Napier was infringing upon the regulations of the country, but being "a newcomer and unacquainted with the statutes and laws of the Celestial Empire" he was exonerated from blame. The responsibility for his action was, however, placed on the Hong merchants, who were charged with the enforcement of all orders and regulations among the foreigners.

<sup>1</sup> *Corr. rel. China*, 1840, p. 8.

<sup>2</sup> *Chinese Repository*, iii, pp. 187-190; *Corr. rel. China*, 1840, pp. 17-21.

The denial of an official welcome to Lord Napier by the Viceroy was perfectly natural, for without instructions from the Emperor he possessed no power to open any direct relations with the representative of a foreign nation. So far as China was concerned, Lord Napier had no official status. Thus writes Sir George T. Staunton:

It is a well-understood principle of international law, that no public functionary sent to another state can claim the rights and privileges of his appointment till he is recognized. As a captain in the British service, though without a command, and as a British nobleman, he was undoubtedly entitled to every degree of respect and courtesy, as long as he complied with the laws and regulations of the country; but, owing to the unfortunate omission of our Government to apply for, and obtain from the Chinese authorities, in due time, his formal recognition, he had no official station, or public privilege, in China whatever.<sup>1</sup>

Besides, the English Superintendent carried no credentials to produce to the Chinese authorities, and had the Viceroy agreed to accept his letter he would have been placed in a puzzling predicament.

Influenced by the overbearing character of Lord Napier's behavior and fearing that he might have some ulterior motives in coming to China, the Viceroy re-enacted, on August 4, the more important of the restrictive regulations on foreign trade, which had fallen into disuse.<sup>2</sup> On August 11 the British merchants unanimously decided to

<sup>1</sup> Staunton, *Notices relating to China*, p. 16.

<sup>2</sup> Although some of the disagreeable regulations were in force at the beginning of the nineteenth century, still "the greater number have been, at different periods, either expressly repealed, suffered to become obsolete, or modified in practice, in a manner so judicious and beneficial, as to render their ultimate effect upon the trade rather advantageous than otherwise." *Ibid.*, p. 133.

abide by the policy of their national representative, and shortly after this they organized a chamber of commerce with a view to unity of action. Five days later the Hong merchants stopped their business with the English, and on August 18 the Viceroy issued an order, requesting Lord Napier to reconsider his action and threatening to suspend the trade if he chose to persist in his stubbornness.

Being desirous of coming to some arrangement, however, the Viceroy despatched, on August 23, a deputation of officials to interview Lord Napier regarding the object of his visit and to ascertain when he would return to Macao. Here was a good opportunity for an amicable adjustment of the differences, but Lord Napier cast it aside. He unsparingly reprimanded the Viceroy's representatives, because they failed to reach the meeting at the appointed hour, although it was on account of a dispute between himself and the Chinese concerning the proper arrangement of the chairs at the conference. He considered the delay as "an insult to his Britannic Majesty, which could not be overlooked a second time."<sup>1</sup> But Lord Napier went farther, for on August 26 he issued a public notice to the Chinese people, explaining his position, and putting the blame of the trouble on the "ignorance and obstinacy" of the Viceroy, and concluding thus:

The consequence is, that thousands of industrious Chinese who live by the European trade, must suffer ruin and discomfort through the perversity of their Government. The merchants of Great Britain wish to trade with all China, on principles of mutual benefit. They will never relax in their exertions till they gain a point of equal importance to both countries; and the Viceroy will find it as easy to stop the current of the Canton river, as to carry into effect the insane determination of the Hong.<sup>2</sup>

<sup>1</sup> *Corr. rel. China*, 1840, p. 30.

<sup>2</sup> *Ibid.*, p. 33.

Such language was, of course, scarcely calculated to appease the irritation of the Viceroy, who instantly caused several edicts to be issued in succession, commanding the Hong merchants to request Lord Napier to obey the regulations and to retire to Macao. On September 2 the British trade was stopped by a proclamation,<sup>1</sup> which also required the withdrawal of all compradors, interpreters, and servants from the British service. Chinese troops were stationed near the British factory to enforce the edict.

Upon this the English ordered two of their frigates within the Bogue, and these vessels forced their passage to Whampoa to protect the English subjects. Lord Napier then issued a manifesto,<sup>2</sup> which was addressed to the British Chamber of Commerce for transmission to the Chinese authorities. In it he remonstrated against the proceedings of the Viceroy in stopping the trade and supported his contentions by threatening to employ force and to complain directly to the Emperor about the "false and treacherous conduct" of the Viceroy. He declared to the Viceroy that:

His Majesty the King of Great Britain is a great and powerful monarch,—that he rules over an extent of territory in the four quarters of the world, more comprehensive in space, and infinitely more so in wealth, than the whole Empire of China,—that he commands armies of bold and fierce soldiers, who have conquered wherever they went,—and that he is possessed of great ships of war, carrying even as many as 120 guns, which pass quietly along the sea, where no native of China has ever yet dared to show his face. Let the Governor then judge if such a monarch "will be reverently obedient to any one".

<sup>1</sup> *Chin. Rep.*, iii, pp. 238-240.

<sup>2</sup> *Corr. rel. China*, 1840, pp. 35-36; *Chin. Rep.*, iii, pp. 285-286.

This manifesto drew forth an answer<sup>1</sup> from the Viceroy on September 11, stating that even if the British chose to put their affairs under the supervision of a Superintendent, the Chinese had, nevertheless, the right to retain the Hong merchants as the medium of communication with foreigners. That Lord Napier's coming was so sudden and that since his appointment had not been duly intimated to the Celestial Government for formal recognition, the matter had to be reported to Peking for Imperial decision, but the Viceroy was never given a chance to do so. That the British Superintendent had violated the laws of the country by landing armed forces at the factory and by ordering warships to force their passage into the river—acts which, if continued, would call forth chastisement from the Chinese troops, although "the Celestial Empire cherishes those from afar virtuously. What it values is the subjection of men by reason: it esteems not awing them by force."

At this juncture Lord Napier, whose health was much impaired, decided to return to Macao, there to await for special instructions from the home Government. This action was taken in order not to cause any serious injury to the British trade in China.<sup>2</sup> With Lord Napier and his suite went also the frigates, and trade was restored soon after his departure. Following his arrival at Macao the Chief Superintendent collapsed rapidly and died on October 11, 1834.

Just what were the sentiments that filled the mind of Lord

<sup>1</sup> *Corr. rel. China*, 1840, pp. 37-39; *Chin. Rep.*, iii, pp. 286-288.

<sup>2</sup> "If I find the merchants are likely to suffer, I must retire to Macao, rather than bring the cities of London, Liverpool, and Glasgow upon your Lordship's shoulders; many of whose merchants care not one straw about the dignity of the Crown or the presence of a Superintendent." Lord Napier to Viscount Palmerston, August 17, 1834. *Corr. rel. China*, 1840, p. 16.



Napier in this conflict are to be found in his despatches to his Government. In a letter to Lord Palmerston dated August 14, 1834 he wrote thus:

I have been ordered off; and entreated to depart; yet with all this, and the forty thousand men (meaning Chinese troops in garrison at Canton), and the flaming bright laws, and terrible thunderbolts (meaning Chinese laws), they have not yet taken me and sent me down the river. Suppose a Chinaman, or any other man, were to land under similar circumstances at Whitehall, your Lordship would not allow him to "loiter", as they have permitted me. Looking, now, at the utter imbecility of the Government, and the favourable disposition of the people, I cannot for one moment suppose, that, in treating with such a nation, His Majesty's Government will be ruled by the ordinary forms prescribed among civilized people.<sup>1</sup>

He asserted that negotiation would simply produce delay and accomplish nothing, while "a commanding attitude alone, with the power of following the threat with execution" would lead to better results, and cited with approval the violent proceedings of Captain Weddell and Mr. Innes, because "such measures have been attended with complete success." The same line of action was stated in clearer terms in his letter to Earl Grey on August 21, 1834, recommending the despatch of an armed force from India to support his measures in China. "I feel satisfied that your Lordship will see the urgent necessity of negotiating with such a Government, having in your hands at the same time *the means of compulsion*:<sup>2</sup> to negotiate with them otherwise, would be an idle waste of time."<sup>3</sup> Thus we see that the tone of Lord Napier's despatches to his experienced col-

<sup>1</sup> *Corr. rel. China*, 1840, p. 12.

<sup>2</sup> The italics are in the original.

<sup>3</sup> *Corr. rel. China*, 1840, p. 28.

leagues could hardly lead to a friendly adjustment of the whole controversy. His policy of coercion, which was first applied in 1839 by Great Britain, has ever since been the main guiding principle employed by all foreign nations in their dealings with China, more especially by England, France, Russia, Germany, and last but not least, Japan.

For some time the British Government adhered to the conciliatory policy and when Lord Napier's earlier despatches were received by the Foreign Office, the Duke of Wellington, the then Foreign Secretary, replied on February 2, 1835, enjoining Lord Napier to follow the original instructions and concluding as follows:

It is not by force and violence that His Majesty intends to establish a commercial intercourse between his subjects and China; but by the other conciliatory measures so strongly inculcated in all the instructions which you have received.<sup>1</sup>

Gradually, however, the authorities in London were converted to the views of Lord Napier and this led them to pursue a more aggressive course of action.

The attitude of the Peking Government was also significant. Notwithstanding his efforts to enforce the laws of the Empire, the Viceroy was degraded for allowing the frigates, which entered the river, to escape. As viewed in Peking he ought to have gone further and adopted more positive measures in punishing the intruders. So we can well imagine what would have happened to the local officials at Canton had they yielded to the demands of Lord Napier.

Lord Napier was succeeded by Mr. John F. Davis, who had been in the East India Company's employ for many years. In a despatch to Lord Palmerston, announcing the death of Lord Napier, the new Superintendent outlined his

<sup>1</sup> *Corr. rel. China*, 1840, p. 26.

policy in these words: "In the absence of any advances on the part of the Chinese, a state of absolute silence and quiescence on our part, seems the most eligible course, until further instructions shall be received from home."<sup>1</sup> But the expected instructions for taking more positive steps failed to arrive and the Commission abided by the quiescent line of procedure. Moreover, no spontaneous advances were forthcoming from the local officials. The Viceroy, however, issued edicts to the Hong merchants, ordering them to direct the British merchants to write home calling for the appointment of a *taipan*, that is, a supercargo who would act as the responsible head of their mercantile community. He must be a commercial man, acquainted with business and not a superintendent, who would create trouble.<sup>2</sup>

The silent attitude maintained by the Commission proved disagreeable to a part of the British traders at Canton. Believing in the futility of the policy, they memorialized the King in Council, proposing the despatch of a plenipotentiary, who should be sustained by an armed force, to negotiate with the Peking Government. The petitioners referred to the effectiveness of such coercive measures, for by them a stop could easily be put to the whole trade of the Empire and all Chinese warships could be seized without any difficulty. The Chief Superintendent, however, did not approve the views of the memorialists and characterized the petition as "crude and ill-digested." The recommendations were certainly drastic, for they meant nothing short of open hostilities with China. But the British Government was not yet disposed to pursue such a course. Accordingly, the proposal was temporarily ignored in England, and the Superintendents remained in their quiescence.

<sup>1</sup> *Corr. rel. China*, 1840, p. 44.

<sup>2</sup> *Ibid.*, p. 47.

In January, 1835, Mr. Davis resigned the office of Chief Superintendent and was superseded by Sir George Best Robinson, whom he counselled to continue in his declared policy. The advice was carried out with consistency, and Sir George repeatedly informed the British Foreign Office that the "commerce is proceeding uninterruptedly" and pledged that he would never "hazard its interruption by any dangerous or speculative measures," but would, pending definite instructions from home, persevere in the quiescent policy, "simply because all has proceeded well and successfully during its operation."<sup>1</sup> In fact no other course was open to the Superintendents. By refusing to conform to the accustomed mode of communication they were unable to transact any business with the Chinese authorities. Then "the virulent party spirit and default of unanimity and good-will existing among the British community in China" tended to render their position one of extra difficulty and delicacy.<sup>2</sup> Their own countrymen whose trade they were commissioned to protect and promote often questioned the exercise of their authority in China and, in several instances, disobeyed instructions issued by them.

In the early part of 1835 the restrictions on foreigners which had become obsolete were re-enacted by the Viceroy with the approval of the throne. Foreign vessels of war were prohibited from entering the river; all communications were required to pass through the Hong merchants, who more than ever before were to be held responsible for the conduct of the alien residents; the check on the personal liberty of foreigners was increased, and compradors, interpreters, and servants in their employ were placed under the

<sup>1</sup> *Corr. rel. China*, 1840, pp. 81, 104, 131; also pp. 100, 102, 106, 112, 113, 117, 120, 121, 133.

<sup>2</sup> *Ibid.*, p. 106.

immediate supervision of the officials; trading at places other than Canton was absolutely forbidden, and smuggling was to be severely dealt with. In theory these regulations, like all rules of the kind, were to be constantly enforced with vigor, but in practice they were suffered to fall into disuse, only to be adverted to when a state of much anxiety and alarm appeared to be at hand.<sup>1</sup>

As a step toward practising economy in public service the British Government greatly reduced the personnel of the Commission in 1836. Among others the offices of Chief Superintendent and Third Superintendent were abolished and the establishment was placed under the exclusive control of Captain Charles Elliot. Upon assuming his duties Captain Elliot discarded the policy of peaceful diplomacy maintained by his predecessors, and at once endeavored to initiate direct communication with the Chinese authorities by petition through the Hong merchants, announcing his appointment and asking for permission to stay at Canton. To this request the Viceroy responded by ordering the senior Hong merchants speedily to proceed to Macao with three of his deputies to inquire definitely into the nature of the new mission. This was done for the purpose of reporting the matter to Peking for ultimate decision, pending the arrival of which Captain Elliot was requested to remain at Macao. The case was duly referred to the throne and the Imperial sanction was received in March, 1837. The permit having been obtained Captain Elliot returned to Canton with his associates to take up the direction of affairs. In a letter to the Viceroy acknowledging the Emperor's authorization, the British Superintendent writes: "The Undersigned respectfully assures his Excellency, that it is at once his duty and his anxious desire to conform in all things to the Im-

<sup>1</sup> *Corr. rel. China*, 1840, pp. 88-94.

perial pleasure. And he will therefore heedfully attend to the points adverted to in the papers now before him.”<sup>1</sup>

By conforming to old practices Captain Elliot succeeded in obtaining his foothold in Canton. For the performance of his duties he was allowed to visit the provincial city at any time during the year and the privilege of direct correspondence with the Chinese authorities was established in practice. But his conduct did not meet with the approval of his Government and Lord Palmerston took many occasions to instruct him not to communicate with the Viceroy through the Hong merchants, nor to cast his documents in the form of petitions. He was to insist on direct exchanges and on equality in official communication—the very two conditions to which the local officials had consistently refused to accede. Captain Elliot tried to act upon his orders several times, but the Viceroy made a firm stand against the new procedure, although he was prepared to concede the point of direct official intercourse. Thereupon the English Superintendent retired to Macao in December, 1837, since his instructions on both points were positive and could not, therefore, be relinquished. When he reached Macao he wrote to Lord Palmerston, stating that the recent attitude of the Chinese officials tended to show that the right of communicating with them in accordance with the requirements of the British Government would soon be peacefully obtained, and expressing simultaneously the opinion that a resort to force might prove essential to gaining equality in official correspondence:

But at all events, I entertain a persuasion that a letter from your Lordship to the cabinet at Peking, written by Her Majesty's command, and sent to the mouth of the Peiho, in a ship of war, would at once draw from the Emperor an order for the concession of the point.<sup>2</sup>

<sup>1</sup> *Corr. rel. China*, 1840, p. 195.

<sup>2</sup> *Ibid.*, p. 249.

In July, 1838, H. M. S. *Wellesley* arrived in China with Rear-Admiral Sir Frederick Maitland on board. The purpose of the visit is stated in Lord Palmerston's memorandum to the Lords of the Admiralty on September 20, 1837:

First, to afford protection to British interests, and to give weight to any representations which Her Majesty's Superintendent may be under the necessity of making, in case any of Her Majesty's subjects should have just cause of complaint against the Chinese authorities; and secondly, to assist the Superintendent in maintaining order among the crews of the British merchantmen who frequent the port of Canton.<sup>1</sup>

Shortly after Sir Frederick's arrival a British schooner was fired at and searched by the Chinese while passing the Bogue. This gave rise to a demand for an explanation of the incident by the British Admiral, to which the Chinese Admiral Kwan replied by making a complete disavowal, thereby bringing the matter to a satisfactory conclusion. In acknowledging the apology Admiral Maitland took occasion to inform the Chinese officials that as the trade had passed out of the hands of the East India Company it was incumbent upon the British Government to protect and control its subjects in China, and to that end the frequent visit of British warships for peaceful purposes might be expected in the future. The sending of war vessels to China to protect the trade constituted a new departure in British policy, in that it showed that the English Government no longer objected to backing up the measures of its representatives in China by a display of force.

It was about this time that the opium question began seriously to attract the attention of the Celestial Government. In 1729 the quantity of foreign opium imported into China was not over 200 chests, all brought in by the Portu-

<sup>1</sup> *Corr. rel. China*, 1840, p. 193\*.

guese merchants, who had the sole control of the trade down to 1773, when the British appeared upon the field. At first the British opium interests were in the hands of private traders, but in 1780 the English East India Company absorbed the trade into its monopoly. The progress of this traffic was exceedingly rapid and the growth of opium smoking was in proportion. It increased at the rate of 20 chests a year until in 1767 its import totalled more than 1,000 chests, and in 1796 the amount landed at Canton alone was 1,070 chests. During the first eleven years of the nineteenth century the average annual import into China reached 4,016 chests; in 1811-1821 it was 4,494 chests; in 1821-1828, 8,043 chests; in 1828-1835, 18,835 chests; and it was further increased to over 30,000 chests in the period 1835-1839.<sup>1</sup>

Imperial decrees against the trade commenced to be issued from an early time, but they all became practically dead letters. The first anti-opium edict was adopted in 1729 by the Emperor Yungcheng, prohibiting the sale of opium and the keeping of opium-smoking dens under severe penalties. However, the import of opium for medicinal use was permitted during the eighteenth century. As such it was classed in the Chinese tariff with myrrh, olibanum, and asafoetida; and in the "Hoppo Book of 1753"<sup>2</sup> we find opium paying an import duty of T 3 per picul.

Other edicts were handed out from time to time, and by 1800 the cultivation of the poppy at home and the importation of foreign opium were forbidden. Opium was now declared an article of contraband, but the immediate effect of the prohibitory measures was to stimulate systematic

<sup>1</sup> Morse, *Intern. Rel.*, p. 200. A chest of opium contains from 100 catties, or 133½ lbs. (Malwa or Persian opium) to 120 catties, or 160 lbs. (Bengal *régie* opium).

<sup>2</sup> F. Hirth, "The Hoppo Book of 1753," in *Journal of the North-China Branch of the Royal Asiatic Society*, 1882.



smuggling and increase the importation of the drug. The illicit traffic was in the hands of the private adventurers, for upon the introduction of the drastic prohibition in 1800, the East India Company, like the Cohong merchants, severed its connection with the opium business at Canton. The English Company, as a commercial corporation, prohibited the carriage of opium in their own ships and the dealing in the drug by their agents. But the queer part of the story is that they permitted it in vessels licensed by them, and what is still more ridiculous the "country" ships were forbidden to carry any opium other than that sold at auction by the Company, under the penalty of forfeiting their licenses.<sup>1</sup> And then as the ruler of India the Company used every means in their power<sup>2</sup> to encourage the extension of the manufacture of the pernicious poison in India, expressly cultivated for the Chinese market; and from its export they derived an enormous profit. This monopoly in opium was indirectly sanctioned by the British Government when it renewed the charter of the East India Company. And even as late as 1837, we find the Indian Government offering a bonus for the season to all shippers of opium to China.

Smuggling was at first carried on at Macao and Whampoa, but owing to the exactions of the Portuguese at Macao it was transferred, in 1821, to Lintin Island, in the estuary of the Canton River, where permanent store ships were established. At its new depot the trade continued down to 1839.

<sup>1</sup> "Provided and upon condition that the license shall cease and be void if and so soon as any foreign opium or other opium than such opium as shall have been sold at the public sales of the said United Company in Bengal, shall be laden with the knowledge and concurrence of the master or commander thereof on board the said ship." Extract from license of 1820. Cited in Sargent, *Anglo-Chinese Commerce and Diplomacy*, p. 45 n

<sup>2</sup> Staunton, *Notices relating to China*, p. \*34.

and during the Lintin period it expanded, as we have just shown, by leaps and bounds. Gradually it was extended to the east coast and in the four years, 1835-1839, smuggling was rife in Canton waters. "Almost every part of the river, from the Bogue on the east, to Fati on the west of the city, is made the theatre of the traffic."<sup>1</sup> The number of boats engaged in the trade was large, and they were either owned or controlled by foreigners, most of whom were British subjects. These vessels were heavily armed and oftentimes the deliveries of opium were productive of notorious acts of violence and on several occasions Chinese were shot from the smuggling craft with perfect impunity.

The alarming expansion of the contraband trade was due, in the main, to the untiring activity of the British, whose pioneer traders had already resorted to smuggling with success in their commercial dealings with the Spanish colonies in America. Nevertheless, the indelible stain of disgrace was not a sole possession of the English, for the Americans and others were also implicated in the traffic, each in proportion to their available opportunities. The foreign traders encouraged the growth of the opium traffic, for in it they found the means of balancing their trade without continuing the wasteful drain on the silver reserves of the West. Previous to 1830 the balance of trade was always "favorable" to China, and the European merchant was compelled to import large quantities of specie in the form of Spanish dollars for the purpose of securing an export cargo, consisting chiefly of tea and silk. Throughout the eighteenth century the amount of goods imported from the West was less than one-fifth of the sum needed for the export fund; and during the one hundred and thirty years ending 1830 the net movement of silver into Canton

<sup>1</sup>*Chin. Rep.*, vi, p. 552.

is put at no less than between £90,000,000 and £100,000,000.<sup>1</sup> Apart from an insignificant quantity of English woollens, the trade in which was conducted at a loss, the West could provide very little that China wanted. Manufactures of cotton were in small demand, but in the eighteenth and early part of the nineteenth centuries the export of cotton fabrics from China exceeded that of her imports. Opium was the only other article which the Chinese were willing to take in large and increasing quantities; and by means of it the westerners succeeded not only in balancing their trade with China, but also in reversing, by 1831, the direction of the barren flow of silver.

Moreover, opium was invariably sold in an open market for "spot cash," and thus the wherewithal to buy tea and silk was readily obtained. In the legal trade goods were sold on credit to the Hong merchants, while in the illegal traffic the foreign importer simply sold his opium by sample to his Chinese accomplice, who paid hard cash against a delivery order, and thereafter the transaction was closed for him. It was an easier way of doing business and all foreign merchants, except those who were morally scrupulous, welcomed it and pushed such dealings to the utmost of their ability. Finally, the trade was a most lucrative one and fortunes were made from it without much difficulty. Sometimes the smugglers reaped several thousand pounds a week, and one firm amassed a profit of three millions sterling in twenty years. "It was the profits derived from the

<sup>1</sup> Morse, *Intern Rel*, p. 202 n; Sir George Staunton, *Macartney's Embassy*, ii, p. 496—"The influx of silver from Europe into China, within a century (written in 1793) has occasioned a great increase in the price of all articles of consumption, and has altered the proportion between the salaries of the several officers of government, and the usual expenses of their respective stations. The ancient missionaries mention in their accounts, the extreme cheapness of living at that time in China; but many of the necessities of life are not now lower than in England."

exportation of opium to China which enabled Warren Hastings to carry on his great native wars in Bengal, and yet declare that there was a distinct improvement in the financial condition of the Presidency."<sup>1</sup> In 1829-1830 the Bengal Administration made more than a million sterling from the opium monopoly, being nearly ten per cent of the entire revenue of Bengal. And during the thirties the annual revenue from this source to the Government of British India amounted to from one to one and a half millions sterling.

In this clandestine trade the foreign smuggler was, of course, helped by his Chinese confederate, who bought the opium for local sale and whose commission from the transaction was very attractive. The traffic was also conducted with the concurrence of the local officials. Opium was declared an article of contraband, but the authorities at Canton, with a few exceptions, made very little effort to enforce the edicts, and the trade flourished under their connivance and corrupt laxity. As a return for this venality they received from the importers a handsome personal revenue in the form of illegal fees and douceurs.

The evils growing out of the increasing consumption of opium became apparent, and the Imperial Government took up seriously the task of eradicating the national vice. The problem was viewed from three different angles. In the first place, the effects of opium upon the physique and morals of its victims were discussed. Opium is an envenomed drug which debilitates the constitution of those who indulge in it, debases their mind, degrades their character, and ultimately brings them to a premature end. The second point touched upon was the outflow of specie from the coun-

<sup>1</sup> F. P. Robinson, *The Trade of the East India Company from 1709 to 1813*, p. 132.

try. As a result of the astonishing growth of the opium trade, China was constantly and heavily drained of her silver reserves. The annual export of treasure amounted to over T 10,000,000; and the result was that the price of silver increased; a tael of silver which used to command only 1,000 copper "cash" was now exchanging at the rate of 1,200 or 1,300. Thus the trade in opium brought financial disaster to the country as well as moral, mental, and physical ruin to the people. It was impoverishing China, and this phase of the situation gave much disquietude to the authorities at Peking, the more so when they observed that the foreign trader, who formerly had to import silver to provide for his export fund, was now importing the poison instead, and, as a consequence, was able to export much treasure. In 1837 opium contributed 53 per cent of the entire import trade of China, and in that year more than \$3,000,000 specie left Canton as a trade balance, besides the purchase of bills amounting to \$4,186,663 by the agents of the East India Company. What an enormous gain it would be to the country if the opium could be eliminated altogether! Thirdly, they dwelt upon the incompatibility of smuggling with the maintenance of peace and good order within the Empire. Imperial laws had been violated with absolute impunity. Heavily armed vessels plied up and down the river in defiance of constituted authority, and the surreptitious traffic gave rise to many an unnecessary conflict between the foreigners and the Chinese. Smuggling exerted a destructive influence upon the majority of the local officials, who were charged with the execution of the anti-opium edicts, but who connived at the violation, because they were corrupted by the bribes administered by the smugglers.

In 1836 the opium question was hotly debated at Peking and the Chinese officials divided themselves into two dis-

inct camps. The first was in favor of legalizing the importation and their views are embodied in the memorial of Hsü Nai Tse, formerly Salt Commissioner and Judge at Canton and at the time Vice-President of the Sacrificial Court at Peking.<sup>1</sup> In brief, they argued that since the evil had secured such a firm foothold, and since all attempts to stamp out smuggling had proved futile, in face of the strong desire for gain, it was impossible to stop the opium trade or to prohibit its use. But "precautions against the annual waste which is taking place in the resources, the very substance of China," must be adopted at once. The only way out of the trouble was to allow the foreigners "to import opium, paying duty thereon as a medicine, and to require that, after having passed the Customs-House, it shall be delivered to the Hong merchants only in exchange for merchandise, and that no money be paid for it"; and the exportation of treasure be equally prohibited. By this method smuggling would be effectually curbed and the outflow of silver advantageously checked. They advocated prohibition of smoking, with moderate penalties, for public officers, scholars, and soldiers; and asserted that by thus preventing the abuse, the dignity of the Government would be better upheld.

The authorities at Canton were ordered to deliberate and to report on the above memorial. They approved the proposal for legalization, and recommended nine regulations<sup>2</sup> for the control of the trade, among which was the imposition of low duties, with a view to uprooting all temptation to smuggling. The general expectation at Canton was that the importation of opium would be legalized before long.<sup>3</sup> Captain Elliot shared the opinion too, and

<sup>1</sup> *Corr. rel. China*, 1840, pp. 156-161; *Chin. Rep.*, v, pp. 139-143.

<sup>2</sup> *Corr. rel. China*, 1840, pp. 163-168; *Chin. Rep.*, v, pp. 259-267.

<sup>3</sup> *Ibid.*, v, pp. 138-139.

echoed it in several of his despatches to the British Foreign Office. On October 10, 1836, for example, he wrote:

We are in expectation of soon receiving the final orders from Peking for the legalization of the opium. This is undoubtedly the most remarkable measure which has been taken in respect to the foreign trade, since the accession of this dynasty. . . . They (*i. e.*, the memorials to the Emperor) incline me to believe, that it wants but caution and steadiness to secure, at no very distant date, very important relaxations.<sup>1</sup>

Again, on February 2, 1837:

Notwithstanding all the actual degree of rigorous prohibition, I am still of opinion that the legal admission of the opium may be looked for.<sup>2</sup>

The belief in the approaching legalization of the opium trade led the foreigners to prosecute the traffic with increased vigor; and steps were taken in India to extend the cultivation of the drug. The outcome of this additional activity was that the annual average import of 18,835 chests for the period 1828-1835 was raised to over 30,000 chests in the years 1835-1839.

The second party stood for prohibition. Like the first, their views are also summed up in a memorial, that of Chutson, Member of the Council of State and President of the Board of Rites.<sup>3</sup> They denounced opium with unmistakable sincerity and insisted on the maintenance of prohibition. No evil should be tolerated for a moment; the laws must be strictly administered, for in it lay the sole remedy for the opium curse. Like all legislation against social vices the prohibitory enactments against opium were inevitably

<sup>1</sup> *Corr. rel. China*, 1840, p. 138.

<sup>2</sup> *Ibid.*, p. 153.

<sup>3</sup> *Ibid.*, 1840, pp. 168-173; *Chin. Rep.*, v, pp. 390-398.

open to official connivance; but occasional infraction of the laws presented no argument for their abolition. With regard to the proposition to have tea exchanged for opium and to prohibit the exportation of the precious metals, they pointed out that if it was possible to stop the outflow of silver, why could not the inflow of opium be effectually prevented too? The one was just as easy as the other. Their principal objections against opium were summarized as follows:

The wide-spread and baneful influence of opium, when regarded simply as injurious to property, is of inferior importance; but when regarded as hurtful to the people, it demands most anxious consideration: for in the *people* lies the very foundation of the Empire. Property, it is true, is that on which the subsistence of the people depends. Yet a deficiency of it may be supplied, and an impoverished people improved; whereas it is beyond the power of any artificial means to save a people enervated by luxury.

Opium enfeebled and demoralized the people. It was for this purpose that the English imported it into the Celestial Empire, and "if not early aroused to a sense of our danger, we shall find ourselves, ere long, on the last step towards ruin." The policy to be adopted in dealing with the foreign importers should be one of forbearance at first, but drastic measures must be introduced if they continued in their flagrant defiance of the law. The opium vice was spelling disaster to China and its eradication could be attained only by absolute prohibition. They recommended that the provincial authorities should be directed to execute the existing prohibitory laws with added rigor and assiduous vigilance.

This remarkable document was backed up by another memorial simultaneously presented by Hsü Kiu, Sub-Censor



over the Military Department.<sup>1</sup> He said that the exportation of silver was serious and must be checked. The importation of opium could be stopped by rigidly enforcing strict regulations; by severely punishing the traitorous Chinese first, and then compelling the foreigners to observe the laws, inasmuch as both were allied in the illegal traffic. Opium was enervating and ruining the country, and the salvation was to be found in total prohibition. As before, these two memorials were sent to Canton for careful consideration.

In commenting upon the state of affairs to the Governor-General of India, Captain Elliot called attention to the importance of opium to the general trade of England:

In the actual state of our commerce with China, my Lord, I believe I may say, that the interruption of the opium traffic must have the effect, not merely of temporarily crippling our means of purchasing in this market at all; but, undoubtedly, of placing us, in respect to the prices of the export staples, completely in the power of what may justly be described to be a copartnership of native dealers. The failure of the opium deliveries is attended with an almost entire cessation of money transactions in Canton. And in the glutted condition of this market, your Lordship will judge how peculiarly mischievously the present stagnation must operate on the whole British commerce with the empire.

And he recommended short and frequent visits of warships as being "movements calculated either to carry the Provincial Government back to the system which has hitherto prevailed, or to hasten onwards the legalization measure from the Court."<sup>2</sup>

Of the two parties, the prohibitionists won the day. As

<sup>1</sup> *Corr. rel. China*, 1840, pp. 173-178; *Chin. Rep.*, v, pp. 398-404.

<sup>2</sup> *Corr. rel. China*, 1840, p. 188.

soon as the authorities at Canton were reliably informed that the policy of legalization would not prevail at Peking, they made vigorous efforts to suppress the contraband trade. Several brokers and dealers were arrested, and in November, 1836, the expulsion of nine prominent foreigners, who were involved in smuggling, was ordered by the Viceroy. Captain Elliot regarded this order as "an intolerably injurious aggression," and remonstrated against it, arguing that the merchants in question represented large commercial interests in England, and that their dismissal from the country "would be productive not merely of great private distress, but of considerable public inconvenience."<sup>1</sup> Eventually, the nine persons were allowed to remain at Canton.

In January, 1837, the exportation of sycee or uncoined silver was strictly prohibited by an Imperial edict.<sup>2</sup> During the summer of that year the British Superintendent was repeatedly commanded by a series of edicts to send away the opium store-ships from Lintin and elsewhere, and to report the same to the King of England in order that the vessels might not be permitted to return thither. Captain Elliott disclaimed any power over the situation; he eluded the responsibility by stating that "his Commission extends only to the regular trade with this Empire; and further, that the existence of any other than this trade has never yet been submitted to the knowledge of his own Gracious Sovereign."<sup>3</sup> In transmitting the above orders to the British Government he reviewed the state of the opium traffic, and urged the despatch of a special commissioner to settle the question.<sup>4</sup> However, no particular instructions

<sup>1</sup> *Corr. rel. China*, 1840, p. 181.

<sup>2</sup> *Ibid.*, p. 191.

<sup>3</sup> *Ibid.*, p. 240.

<sup>4</sup> *Ibid.*, pp. 241-245.

ever arrived from the London authorities. Owing to the increased energy of the Provincial Government the native craft engaged in the trade inside the river were destroyed and native smugglers punished. Smuggling was now conducted in British passage-boats, well armed and manned with Lascars.<sup>1</sup> These vessels forcibly repelled any attempt by the preventive officers of the Government to search or to detain them. Towards the close of 1837 a warning was given out that an embargo would be placed on the entire trade if the opium ships were not dismissed.

"The year 1838 was one of uncertainty and confusion, of lawlessness and the quest of gain on the one side, and of quiescence alternating with stern repression on the other."<sup>2</sup> Chinese smugglers were arrested and tortured, their opium seized and burned; and Captain Elliot himself tells us that the prisons were full of offenders. One of the smugglers was publicly strangled at Macao, as a warning to the foreigners similarly guilty, but the latter persisted in their utter disregard of Chinese regulations. In November the local authorities were spurred to greater activity by an Imperial edict censuring them for their vacillation and negligence. In December two chests of opium belonging to an Englishman were seized at the factories, and the owner was expelled from Canton; but he did not depart until the trade was discontinued, and the Hong merchants had threatened to pull down the house which he had rented from them. Such actions on the part of the Chinese had the concurrence of the British Government, for on June 15, 1838, Lord Palmerston wrote to Captain Elliot thus:

I have to state, that Her Majesty's Government cannot interfere for the purpose of enabling British subjects to violate the

<sup>1</sup> Sailors, natives of British India.

<sup>2</sup> Morse, *Intern. Rel.*, p. 195.

laws of the country to which they trade. Any loss, therefore, which such persons may suffer in consequence of the more effectual execution of the Chinese laws on this subject (*i. e.*, the smuggling trade in opium), must be borne by the parties who have brought that loss on themselves by their own acts.<sup>1</sup>

This attitude was strictly correct, but the foreign merchants at Canton were not willing to concede to China the right to do what she deemed proper, the power to subject her commercial intercourse with other nations to certain laws and regulations.

For the purpose of impressing the European smugglers with a sense of their grave offence, an attempt was made to strangle a convicted Chinese opium-dealer in front of the factories. But the foreigners considered it an "unprecedented and intolerable outrage" and prevented the execution by force. Having removed the implements required to carry out the sentence, they began to drive the "perfectly inoffensive" native spectators from the scene with cudgels. The Chinese retaliated with stones and brickbats, and the foreigners were compelled to retreat into the factories. The latter were in some danger until the district magistrate dispersed the mob, which had taken possession of the factory grounds in the meanwhile. "And all these desperate hazards," writes Captain Elliot to Lord Palmerston, "have been incurred, my Lord, for the scrambling and, comparatively considered, insignificant gains of a few reckless individuals, unquestionably founding their conduct upon the belief that they were exempt from the operation of all law, British or Chinese."<sup>2</sup> The Chamber of Commerce remonstrated to the local authorities against the use of the factory square for execution purposes, but the Viceroy rejected the protest and upheld his right to enforce Chinese laws.

<sup>1</sup> *Corr. rel. China*, 1840, p. 258.

<sup>2</sup> *Ibid.*, p. 327.

The British Government, through Lord Palmerston, expressed its attitude on the matter in the following words:

I wish to know upon what alleged ground of right these persons considered themselves entitled to interfere with the arrangements made by the Chinese officers of justice for carrying into effect, in a Chinese town, the orders of their superior authorities.<sup>1</sup>

The British Superintendent was now profoundly impressed. Seeing that the opium traffic was "rapidly staining the British character with deep disgrace," besides exposing the legitimate trade to imminent jeopardy, he felt that it was his duty to intervene. Accordingly, he ordered all opium ships under the British flag to leave the river within three days. He also warned his countrymen that any British subject who killed any Chinese in smuggling riots would be liable to capital punishment, just as if the crime had taken place in England; that the British Government would not interfere in the capture and confiscation of smuggling boats; and that it was a lawless act to resist search and seizure by force. His compatriots, however, paid slight attention to his injunctions. Thereupon he appealed to the Viceroy for assistance, which was gladly given. As a consequence, the smuggling vessels gradually withdrew from the river, and in January, 1839, regular commerce was resumed. Further repressive measures were introduced, many seizures were made, and the illicit traffic experienced a set-back. Dealers in the drug were arrested and summarily punished; and in February one of the smugglers was strangled in front of the factories.

There can be no doubt as to the real intention of the Chinese authorities, but the foreigners persisted in arguing that the Chinese were insincere in their endeavors to sup-

<sup>1</sup> *Corr. rel. China*, 1840, p. 325.

press the traffic, that "no one would be more chagrined to see it stop than those apparently so strenuous against it." This unjust remark was subsequently made in Parliament by Lord Palmerston and reasserted by the officials of the Indian Government. Maintaining such a belief, the foreign smugglers continued in their defiance of Chinese laws. By their actions they created an insufferable situation, and, on Captain Elliot's own confession, turned Canton, which hitherto had been one of the most secure spots in the world, into one seething with disorder and peril.

Things were in this state when the Imperial High Commissioner Lin Tse Sü reached Canton on March 10, 1839, with plenipotentiary authority to exterminate the opium vice. Commissioner Lin, who was the Viceroy of Hu-kwang (Hupeh and Hunan), was an exceptionally capable administrator, and a man of high integrity and great determination. After a week's scrutiny and deliberation, the High Commissioner issued his first proclamations to the Hong merchants and foreigners. The former were reprimanded for not making the foreign merchants obey the regulations, and were warned that further negligence on their part would be severely dealt with. The latter were ordered to surrender all the opium in the store-ships and to sign bonds, pledging that they would never in the future import the drug into China, under penalty of forfeiture and capital punishment. For the consideration of these demands three days were given; and, with a view to obtaining compliance, foreign residents were forbidden to leave Canton, communication with their shipping was cut off, and guards were placed about the factories. Mr. L. Dent, one of the prominent British merchants, who had a large interest in the illicit traffic, was invited to meet the Commissioner. But he refused to go without a safe conduct, and thereupon the local officials threatened to use force.

Captain Elliot, who was then in Macao, wrote to the Viceroy, declaring "his readiness to meet the officers of the Provincial Government, and to use his sincere efforts to fulfil the pleasure of the great Emperor, as soon as it is made known to him."<sup>1</sup> But simultaneously with this expression of willingness to help in suppressing the opium trade, he told Lord Palmerston that there was "no doubt that a firm tone and attitude will check the rash spirit of the Provincial authorities."<sup>2</sup> Then he issued two circulars,<sup>3</sup> the one requiring all British ships to proceed to Hong-kong and "be prepared to resist every act of aggression on the part of the Chinese Government"; the other declaring that he had lost all confidence in "the justice and moderation of the Provincial Government," and ordering all British subjects to prepare to leave Canton.

Having arrived at Canton, Captain Elliot hoisted the British flag and took Mr. Dent under his personal protection. His coming caused no little alarm, and measures were adopted by which the whole foreign community was closely isolated. The factory guards were re-enforced, and compradors and servants were ordered to quit the Hong. The confinement was complete, but no violence against the life of foreigners was committed. In face of this threatening attitude the majority of the foreign merchants signed a document, "pledging themselves not to deal in opium, nor to attempt to introduce it into the Chinese Empire." Captain Elliot applied to the Viceroy for passports for himself and his nationals, but the demand was rejected on the ground that the opium must be given up first. Then the High Commissioner issued a proclamation, exhorting all

<sup>1</sup> *Corr. rel. China*, 1840, p. 362.

<sup>2</sup> *Ibid.*, p. 349.

<sup>3</sup> *Ibid.*, p. 363.

foreigners speedily to surrender the opium for four reasons, namely, "by virtue of that reason which heaven hath implanted in all of us"; "in order to comply with the laws of the land"; "by reason of their personal interest"; and "by reason of the necessity of the case."<sup>1</sup> This exhortation was followed on the same day by two communications to the British Superintendent, warning against further delay in delivering the drug. "For once in the history of foreign intercourse with China, these commands were obeyed."<sup>2</sup> Finding it impossible to adopt "a firm tone and attitude," Captain Elliot addressed a circular to his countrymen, on March 27, calling upon them to deliver over to him all the opium in their possession. The delivery was inevitably slow and it was not completed until May 21, when 20,291 chests were surrendered, and were later destroyed to the last ounce. The constraint on the foreigners was gradually relaxed. By May 4 communication with the shipping was resumed and the embargo on the trade was removed.

Nevertheless, Commissioner Lin was not satisfied with the surrender of the opium alone; he had also demanded bonds for good conduct in the future. Accordingly, he required the signature to a collective bond by Captain Elliot and the merchants. This was rejected and the Superintendent ordered his nationals to prepare to leave Canton and prohibited British ships from entering the port. On May 23, the deportation of sixteen merchants who were known as the principal agents in the opium traffic was jointly ordered by the Commissioner and Viceroy. The next day the English left Canton for Macao. Shortly after this, opium smuggling was revived, and the drug was now

<sup>1</sup> *Chin. Rep.*, vii, pp. 628-633.

<sup>2</sup> Williams, *Middle Kingdom*, ii, p. 501.



selling at famine rates.<sup>1</sup> "The traffic seems to be as vigorously prosecuted as ever, and with as much safety and profit," except that the leading smugglers were no longer residing in China and their boats were heavily armed for the purpose of resisting Chinese authority.<sup>2</sup> Things were rapidly passing "from the worse character of forced trade to plain buccaneering."<sup>3</sup>

The opium having been delivered the trade was reopened; but the British refused to return to Canton and their Superintendent put an embargo on the English traffic. The Americans, availing themselves of their neutral position, remained in the business and their ships carried on a brisk trade between Canton and the British vessels stationed outside. The Commissioner required all ships to enter Whampoa and placed further restraints on foreign shipping.

At this juncture an affray with a party of British sailors occurred ashore on the Kowloon side of the Hongkong anchorage—"a shameful riot attended with unmanly outrage upon men, women, and children, and the loss of innocent life."<sup>4</sup> As a consequence, an inoffensive Chinese was killed. Supported by the Viceroy and Governor, the High Commissioner directed an investigation into the case and demanded the surrender of the murderer. Captain Elliot empanelled "a court of justice, with criminal and admiralty jurisdiction" to try those involved in the fracas. When the trial was over he informed the local authorities that "he has not been able to discover the perpetrators of this deed."<sup>5</sup>

<sup>1</sup> Instead of a normal \$500, the dealers in Canton were willing to pay as much as \$3,000 for a chest.

<sup>2</sup> *Chin. Rep.*, viii, p. 442.

<sup>3</sup> *Corr. rel. China*, 1840, p. 431.

<sup>4</sup> Captain Elliot's pronouncement as judge of the Court *Chin. Rep.*, viii, p. 193.

<sup>5</sup> *Corr. rel. China*, 1840, p. 442.

The Chinese officials refused to recognize British jurisdiction and insisted on the handing over of the culprit. The demand was ignored. Thereupon the Commissioner expelled the English from Macao and cut off their provisions. Captain Elliot protested against the latter and succeeded in obtaining fresh supplies. New laws against vessels engaged in opium were proclaimed and the foreigners were urged to obey them. The High Commissioner then ordered the departure of all opium ships from Chinese waters, and the Superintendent replied by requiring all British vessels engaged in illicit trading to leave Hongkong.

The next month and a half were spent in exchange of charges and explanations. The opium bond was demanded and all British ships were required to enter into the trade. This request was again rejected by Captain Elliot, who treated in a similar fashion the demand for the surrender of the murderer. While the continuance of the trade and a *modus vivendi* were under negotiation an English shipmaster took his ship into the port and signed the bond. This led to the revival of the former orders of the High Commissioner, regarding the delivery of the murderer and the entrance of British shipping into Canton. The ships were ordered either to enter the river and conform to the regulations of the land, or else to depart from Chinese waters within three days, otherwise they would be destroyed by fire. Captain Smith of H. M. S. *Volage* demanded the withdrawal of these orders; and when a fleet of war-junks was sent to request the surrender of the guilty sailor he initiated hostilities by opening fire on the Chinese squadron in order to force it to retreat. Not being prepared for offensive action and fighting against two British warships,<sup>1</sup> the junks naturally suffered the greater loss. This naval engagement

<sup>1</sup> The *Volage* and the *Hyacinth*.

took place at Chuenpi on November 3, 1839, and by it war was to all intents and purposes declared. Then the High Commissioner placed an embargo on the English trade, but British goods continued to arrive at Canton in neutral bottoms.

This conflict was the Opium War. To the Chinese there was but one *casus belli* and that was opium. In his remarkable letter to Queen Victoria<sup>1</sup> Commissioner Lin was perfectly silent concerning any other cause of controversy; he spoke only of opium and the British Government was requested to assist in exterminating the immoral and illegal trade. China was undoubtedly earnest in her desire to stamp out the vice that was poisoning her people; her sole aim was to suppress the importation and consumption of the drug, regardless of the cost. With such a just cause she anticipated due sympathy and support from the Christian powers of the West, but the latter would not consider Chinese social legislation before the interests of their subjects, however questionable those interests were. Had there been no opium smuggling there would never have been any hostility between Great Britain and China. The reason why Commissioner Lin adopted the drastic measures which precipitated the war was because the English persisted in bringing into the traffic a commodity which was destructive alike of the morals and of the physique of the Chinese people, in addition to depleting the Empire of its precious metals with conspicuous rapidity.

But opium was an all-important article of commerce to Great Britain. It was the grease that lubricated the wheels of British trade with the East and made them run smoothly. In the first place, we have already noted how by means of this commodity England succeeded not only in stopping

<sup>1</sup> *Chin. Rep.*, viii, pp. 497-503.

the annual flow of some millions sterling of specie from London to Canton, but also in turning her trade balance from "unfavorable" into "favorable," thereby reversing the direction of the treasure shipments, from China outwards. Secondly, it provided the Government of British India with a valuable source of revenue. And lastly, it enabled India to pay her large debt to England and to settle her adverse trade balance to the mother country. The opium traffic being so vitally significant to the British commercial and colonial expansion in the East, Great Britain was, therefore, reluctant to sever her official connection with it and to prohibit it for the sake of international morality. Had it been otherwise, had the contraband trade been a less essential factor, the vigorous campaign instituted against it by the Chinese would have found ready acquiescence, if not friendly cooperation, from England, where public opinion was attaining a rapid crystallization.

On the other hand, the reasons given by the British Government for commencing hostilities in China, as announced by Lord John Russell in the House of Commons on March 19, 1840, were:

In the first place, to obtain reparation for the insults and injuries offered to Her Majesty's Superintendent and Her Majesty's subjects by the Chinese Government; and, in the second place, to obtain for the merchants trading with China an indemnification for the loss of their property, incurred by threats of violence offered by persons under the direction of the Chinese Government; and in the last place, to obtain security that the persons and property of those trading with China should in future be protected from insult and injury.<sup>1</sup>

In other words, England's pretext for the war was to establish direct communication with official China for her

<sup>1</sup> *Hansard's Parl. Debates* (3rd. Ser.), 1840, 52, p. 1223.

representatives, and so to secure redress for the grievances of her nationals; then to make the Chinese refund the loss sustained by the British merchants in surrendering the opium; and finally, to dictate to China by coercion the conditions on which her foreign trade was to be conducted. To the British, opium was nothing more than a negligible element incidentally thrown into the crucible.

It is proverbial among most Western writers on China's foreign relations to ascribe the cause of the Opium War to the fact that the Chinese arrogantly assumed superiority over other nations and refused to treat them on terms of equality. Such an assumption surprises nobody when we consider the bad specimens of Western power and people that China had encountered, and the multifarious outrages and violences which she had suffered on their account. Certainly China was proud, but her pride has been far surpassed by those countries which indict her on that very charge. Without doubt she believed in her own supremacy, but this pretension is totally eclipsed by that of the nations that accuse her most bitterly. Every impartial observer must frankly admit that even the most trifling among the nations of the West has always regarded the Chinese people with contempt, loftier by far than that which China ever entertained toward the Europeans. Westerners are in the habit of looking upon the Chinese as inferiors, and they feel it an affront to their dignity should the latter endeavor to obtain recognition by them as their equals. Only another case of beholding the mote in thy brother's eye.

Nor was the conflict brought about by China's exclusiveness, for originally she was one of the most liberal of nations, throwing her doors wide open to all comers. The real cause of the war lay in the refusal of Great Britain to consider China as within the pale of the rights and obligations of international law. Most unjustly she refused to

submit her subjects to Chinese jurisdiction, while at the same time she took no steps to devise a system of her own by which her nationals might be brought under adequate control. She claimed extraterritorial immunities for her subjects, but she did not make provision for any means of discharging extraterritorial responsibilities. Consequently, a state of lawlessness prevailed among the foreigners in China; and war came because Chinese laws and regulations had, for a long time, been systematically disregarded or put at defiance. Sirr writes:

However diplomatists may attempt to gloss over the cause of the war with China, every clear-headed, right-hearted man, must allow that it was caused by our merchants violating the laws of the Celestial Empire, by persisting in trading in a contraband article, the use of which produced the most demoralizing effects upon the population.<sup>1</sup>

It is beyond our concern to recapitulate the different incidents of the war, which lasted for nearly three years. Suffice it to say that the Chinese, with their ineffective weapons and antiquated methods of warfare, were defeated both on sea and land by the English, who had at their command the immeasurable superiority of the destructive forces of Western civilization. It was a conflict between ignorant weakness and conscious strength. The defeat was almost unavoidable, for China was a nation organized for peace; she had long forsaken the worship of Mars, and the bellicose spirit of the Empire being left uncultivated, soldiering was looked upon as the most contemptible of all professions.

The war was brought to a close by the Treaty of Nanking, signed on August 29, 1842, between China and Great Britain, by which the former conceded all that was demanded. Among the terms agreed to were the following:

<sup>1</sup> H. C. Sirr, *China and the Chinese*, ii, p. 338.

1. The ports of Canton, Amoy, Foochow, Ningpo, and Shanghai were to be opened as treaty ports, where "British subjects, with their families and establishments, shall be allowed to reside, for the purpose of carrying on their mercantile pursuits, without molestation or restraint."

At each of these five ports the British Government was to appoint "superintendents or consular officers," who were "to be the medium of communication between the Chinese authorities and the said merchants, and to see that the just duties and other dues of the Chinese Government as hereafter provided for, are duly discharged by Her Britannic Majesty's subjects."<sup>1</sup>

2. The Island of Hongkong was ceded to Great Britain, thereby giving her a commercial and military base in China.

3. A total indemnity of \$21,000,000 was exacted. Of this amount \$6,000,000 was for the opium confiscated and destroyed; \$3,000,000 for the debts due by certain Hong merchants; and \$12,000,000 for the expenses of the war.<sup>2</sup> The compensation for the opium has left an indelible stigma upon the good name of England.

4. The monopoly of the Cohong was abolished, and British subjects were permitted "to carry on their mercantile transactions with whatever persons they please."<sup>3</sup>

5. "A fair and regular tariff of export and import customs and other dues" was to be established at the treaty ports.<sup>4</sup> Here is where China lost her tariff autonomy.

6. Official correspondence between the two countries was to be conducted on terms of equality.

It is to be observed that the fundamental issue on which

<sup>1</sup> British Treaty of Nanking, 1842, art. ii.

<sup>2</sup> *Ibid.*, arts. iv, v, vi.

<sup>3</sup> *Ibid.*, art. v.

<sup>4</sup> *Ibid.*, art. x.

the contest was fought, namely, the trade in opium, was carefully ignored in the text of the treaty, which was imposed upon China at the cannon's mouth. It was purposely left untouched. But Sir Henry Pottinger, the British plenipotentiary and the successor of Captain Elliot, discussed the question as a topic for "private conversation."

They then evinced much interest, and eagerly requested to know why we would not act fairly toward them by prohibiting the growth of the poppy in our dominions, and thus effectually stop a traffic so pernicious to the human race. This, he (Sir Henry) said, in consistency with our constitutional laws could not be done; and he added that even if England chose to exercise so arbitrary a power over her tillers of the soil, it would not check the evil, so far as the Chinese were concerned, while the cancer remained uneradicated among themselves, but that it would merely throw the market into other hands. It, in fact, he said, rests entirely with yourselves. If your people are virtuous, they will desist from the evil practice; and if your officers are incorruptible and obey your orders, no opium can enter your country. The discouragement of the growth of the poppy in our territories rests principally with you, for nearly the entire produce cultivated in India travels east to China; if however, the habit has become a confirmed vice, and you feel that your power is at present inadequate to stay its indulgence, you may rest assured your people will procure the drug in spite of every enactment. Would it not, therefore, be better at once to legalize its importation, and by thus securing the cooperation of the rich and of your authorities, from whom it would thus be no longer debarred, thereby greatly limit the facilities which now exist for smuggling?<sup>1</sup>

This narrative sounds amazing to the Chinese. How unsympathetic was the argument that if the Chinese people were virtuous and their officials incorrupt and obeyed orders,

<sup>1</sup> Loch, *Events in China* (London, 1843), p. 173.



no opium could enter the Empire! How inhuman was the excuse for delivering the curse, that if the English did not bring the drug to China others would! The British Government was of the opinion that it was impossible to prohibit the opium traffic and advocated that it be legalized at a higher tariff than that on merchandise. Both Captain Elliot and Sir Henry Pottinger were instructed to suggest to the Chinese plenipotentiaries the wisdom of legalization. China was, however, left free to regulate the traffic in her own way and according to her laws; but in so doing she must not molest the persons or the other property of foreigners. The opium question remained unsettled until 1858, and then only incidentally, being inserted in the Agreement as to tariff and rules of trade concluded on November 8 of that year. Meanwhile, the evil continued as a disturbing factor in the intercourse between the two countries.

The conclusion of the Treaty of Nanking began a new era in the history of China's foreign intercourse, although its far-reaching effects were not appreciated at the time. It marked the first step in the numberless greedy demands which have been presented unto this day by almost all the foreign powers for commercial, political, and social supremacy in China. By it the Chinese trade with outside nations was put on a regular basis, and the aliens in China, who formerly had enjoyed no legal standing, were given a definite status. What used to exist as a matter of tacit consent was now claimed as rights formally sanctioned by the Imperial Government. These rights were strengthened by other conventions as time went on.

In pursuance of the Treaty of 1842 a tariff and a set of general regulations for the trade were drawn up and promulgated on July 22, 1843.<sup>1</sup> The tariff, though partially

<sup>1</sup> *Treaties between China and Foreign States* (published by the Inspectorate General of Customs), i, p. 191. These regulations were abrogated by Article I of the British Treaty of Tientsin, 1858.

specific, was based on a moderate and uniform rate of 5 per cent *ad valorem* both for imports and exports. But tea, in which China had the monopoly of the world market, was given an export duty of T 2.500 a picul, being about 10 per cent of the value. And all illegal exactions superimposed upon the official levy were prohibited.

The commercial regulations were chiefly technical in character and provided, among other things, for the following: low tonnage dues at the rate of T 0.500 per ton for vessels of more than 150 tons, and T 0.100 a ton for those under that size, were substituted for the heavy measurement fee, which was abolished by a special agreement. Heretofore the Hong merchants had stood security for the English merchant ships, but since the Hong monopoly had been terminated, that privilege was entrusted to the British consul. To him also was given the power to settle disputes that might arise between British subjects and the Chinese. But in cases where matters could not be amicably adjusted he was to apply to the local authorities for assistance, and they together were to settle the complaints by a sort of arbitration. The criminals were to be punished according to their own laws and at the hands of their own officials. The British Government made an attempt to enact laws for the control of its nationals in China. By an Order in Council,<sup>1</sup> the Court of Justice created by the Order in Council of December 9, 1833, was proclaimed established at Hongkong. And by the Act of 1843<sup>2</sup> the Chief Superintendent, who was also the Governor of Hongkong, was authorized to make laws and ordinances for British subjects in China with the advice of the Legislative Council of the colony.<sup>3</sup>

<sup>1</sup> At Windsor, Jan. 4, 1843.

<sup>2</sup> 6 & 7 Vic., c. 80.

<sup>3</sup> This system was abolished by the Order in Council of Mar. 9,

The second part of Article X of the Treaty of Nanking provides:

And the Emperor further engages, that when British merchandise shall have once paid at any of the said ports the regulated customs and dues agreeable to the tariff, to be hereafter fixed, such merchandise may be conveyed by Chinese merchants, to any province or city in the interior of the Empire of China on paying a further amount as transit duties which shall not exceed . . . per cent on the tariff value of such goods.

This important clause was amplified, though in a very unsatisfactory manner, by the declaration of June 26, 1843,<sup>1</sup> which only stipulated that the additional duties to be levied on goods in inland transit "shall not exceed the present rates which are upon a moderate scale." The rate was later fixed at 2½ per cent *ad valorem*, that is, one-half the tariff duty.

The British and the Chinese ended their negotiations by signing a supplementary treaty at the Bogue on October 8, 1843.<sup>2</sup> It contained chiefly regulations of minor importance, but a clause in Article VIII has great significance and deserves to be quoted in full:

It is further agreed, that should the Emperor hereafter, from any cause whatever, be pleased to grant additional privileges or immunities to any of the subjects or citizens of such foreign countries, the same privileges and immunities will be extended to and enjoyed by British subjects; but it is to be understood

1865, which established the Supreme Court of Civil and Criminal Judicature for China and Japan, and placed the effective control over the British subjects resorting to the Far East directly in the hands of the home Government.

<sup>1</sup> *Treaties*, i, p. 165.

<sup>2</sup> *Ibid.*, p. 198. This treaty was abrogated by Article I of the British Treaty of Tientsin, 1858.

that demands or requests are not, on this plea, to be unnecessarily brought forward.

This passage embodies the doctrine of the "most-favored-nation" treatment, and by it China was initiated into the complications of the commercial system of Europe. This stipulation, expressed in clearer terms,<sup>1</sup> has always been included in the treaties signed between China and the foreign powers, from 1843 down to the present day. It was the outcome of the policy of every Western power in China, beginning with Great Britain, not to secure exclusive privileges for itself, but at the same time not to allow such concessions to others.

The fruits of England's victory were liberally extended to all the nations of the West that reached the new sphere at a later date. In a proclamation giving effect to the regulations for trade, Kiying, the Imperial Commissioner, stated that henceforth all foreigners would be admitted without distinction to the five open ports; and "the weapons of war shall forever be laid aside, and joy and profit shall be the perpetual lot of all."<sup>2</sup>

The news of the signing of the Treaty of Nanking soon reached the Western world and created a stir among its commercial circles. Influenced by the spirit of emulation, Belgium, Holland, Prussia, Spain, Portugal, the United States, and France, all despatched representatives to the coming arena of international ambitions to obtain a proper share of the concessions that had been snatched by Great Britain. The Americans, whose trade in China possessed

<sup>1</sup> It is usually framed up in the following tenor: "The treaty power in question and its subjects 'will be allowed free and equal participation in all the privileges, immunities, and advantages that may have been or may be hereafter granted by China to the Government or subjects of any other nation.'"

<sup>2</sup> *Chin. Rep.*, xii, p. 443.

no less importance than that of the British, were the first to reap the harvest which their English cousins had sown. Their envoy, Caleb Cushing, arrived in China on February 24, 1844, with a quaint letter from President John Tyler to the Emperor of China stating: "Our minister is authorized to make a treaty to regulate trade. Let it be just. Let there be no unfair advantage on either side."<sup>1</sup> Kiying was again appointed the Imperial Commissioner to negotiate with Mr. Cushing. The discussions proceeded smoothly, and without much delay the Treaty of Wanghia was concluded on July 3, 1844. It secured for the American subjects the privileges obtained by the English as a result of the first war, and defined more plainly the principle of extraterritoriality, as follows:

Subjects of China who may be guilty of any criminal act towards citizens of the United States shall be arrested and punished by the Chinese authorities according to the laws of China, and citizens of the United States who may commit any crime in China shall be subject to be tried and punished only by the Consul or other public functionary of the United States thereto authorized according to the laws of the United States; and in order to the prevention of all controversy and disaffection, justice shall be equitably and impartially administered on both sides.<sup>2</sup>

Similar were the provisions of the Treaty of Whampoa, which was signed between China and France on October 24, 1844, and by which the doctrine of extraterritorial jurisdiction was enunciated in the most clear language:

Il en sera de même en toute circonstance analogue et non prévue dans la présente Convention, le principe étant que, pour

<sup>1</sup> Letter of July 12, 1843. Quoted in Williams, *Mid. King.*, ii, pp. 565-566.

<sup>2</sup> American Treaty of Wanghia, 1844, art. xxi.

la répression des crimes et délits commis par eux dans les cinq ports, les Français seront constamment régis par la loi française.<sup>1</sup>

These two conventions, together with the British supplementary treaty of October, 1843, strengthened the Treaty of Nanking by remedying its deficiencies, due to the generality of its provisions. Among the points settled by these later instruments, only six merit our attention. Of these, three have already been dwelt upon, namely, the question of the transit duty on foreign goods, the most-favored-nation treatment, and the jurisdiction over aliens in China. In the fourth place, we have the trade relations between the Chinese and foreign merchants. The monopoly of the Cohong, through which alone the foreigner could be admitted into the commercial relations with the Chinese, was abolished; and the foreign trader was left free to buy and sell with whomsoever he chose, to employ natives in his service directly, and to rent or acquire house accommodation without restraint. Then there is the relation of the foreign merchant with the customs. Instead of using, as heretofore, the Hong merchants as the medium, the alien trader was now to deal directly with the customs, and he was safeguarded against abuses at all points. And lastly, provisions were made for the regulation of the Chinese trade with Hongkong, which was a free port.

The next to reach the new field was Belgium, which, however, did not succeed in signing a treaty. But the privilege to trade on the same footing as the British, the Americans, and the French was conceded by the Imperial rescript of July 25, 1845.<sup>2</sup> Then came the representative of the King of Sweden and Norway, and by him a treaty,

<sup>1</sup>French Treaty of Whampoa, 1844, art. xxvii.

<sup>2</sup>*Treaties*, ii, p. 757.

modelled after the American treaty of the previous year, was signed with China on March 20, 1847.<sup>1</sup> With the exception of Russia, none of the other countries approached China to negotiate treaties until after 1860, but their nationals were admitted *sub silentio* to the privileges and immunities conferred by the treaties of 1842-1844.

Not unnaturally, however, the new régime, which was so suddenly introduced by coercion, proved most unpopular, particularly at Canton. The Cantonese, who had innumerable bitter experiences with the aggressive foreigner, entertained a smouldering ill-will towards him which could be fanned into flame with the least exertion. They were intensely hostile to the stipulations of the first treaty settlement and endeavored to resist foreign intrusion. This produced, in the course of the succeeding years, a series of disturbances in and about Canton, which showed that friction still existed in the relations between the Chinese and outsiders. Riots and assaults occurred, involving in some cases the loss of lives. These incidents gave the British excuses for further aggression, and in the spring of 1847 Sir John Davis, Governor of Hongkong, ordered an armed attack on Canton. The city was held *en prise*, but with great prudence the Chinese authorities offered no resistance and accepted all the demands presented. Sir John's action, however, failed to meet the approval of his Government.

The local Government issued proclamations forbidding riotous assemblies, and the High Commissioner Kiying, with all his statesmanlike qualities, exerted his utmost to induce the people to adopt a quiescent attitude toward foreigners. But all these efforts were of no avail. The Cantonese remained irreconcilable, and this attitude of the populace made it impossible for the Chinese officials to

<sup>1</sup> *Treaties*, ii, p. 799.

carry out the stipulation, vaguely expressed in the Treaty of 1842, agreeing to open the City of Canton to foreigners, because they were powerless to guarantee their security beyond the limits of the factories. Confronted with this situation the right of entry was postponed to some future time by the Convention of April, 1846, and the Agreement of April, 1847. The British Government saw the difficulty and Sir J. Davis testified, in 1847, to "the earnest desire of the Chinese authorities to maintain their friendly relations with Great Britain by every means in their power."

It must be stated that the responsibility for these outrages is not to be put wholly on the Chinese. The foreigners, more especially the British, shared the blame, for they were becoming increasingly overbearing and were very aggressive in exercising their newly acquired privileges. They claimed special protection, but they made no effort to soothe the Chinese, and it was for this lack of discretion that the English merchants were upbraided by Sir Henry Pottinger.

A survey of the official reports drawn up by the British representatives in China for the information of Lord Elgin reveals the actual state of the commercial relations since the beginning of the conventional period. Furthermore, it shows the complete failure of the Nanking treaty to eradicate the lawless elements that existed in the foreign community. Among the memoranda, that of Consul Alcock<sup>1</sup> occupies the first rank. It is both interesting and instructive. His opinions are well-digested, being based on his extended practical experience in China. Although he was ever ready to uphold the interests of British subjects in China, yet he did not hesitate, when he was criticizing the proposal to obtain access into the interior, to make the fol-

<sup>1</sup> *Correspondence relative to the Earl of Elgin's Special Missions to China and Japan, 1857-1859, 1859, vol. xxxiii, pp. 54-61.*



lowing strong, but warranted, indictment of the conduct of the foreigners :

The worthless character of a numerous gathering of foreigners of all nations, under no effective control, is a national reproach as well as a public calamity. They dispute the field of commerce with honest men, and convert privileges of access and trade into means of fraud and violence. In this career of license, unchecked by any fear of their own Governments, and protected, in a great degree, by treaties from the action of the native authorities, the Chinese are first and greatest, but by no means the only sufferers. There is no Government or nation of the great European family that does not suffer in character, and in so far as they have any interests at stake in China, in these also, both immediately and prospectively. This is the danger which has long threatened the worst consequences, in wide-spread hostility and interrupted trade. To find a remedy, and vigorously apply it, is the difficulty ; before its increase and wider extension throughout the Empire shall render any concessions which may be extorted from the Emperor's weakness, nugatory and worthless.

He then went on to say that the progress of affairs since 1842 inculcated the principle "that wherever a step has been made in advance by the acquisition of increased privileges, some attendant abuse or evil, unchecked in its development, has sprung into life, and robbed us of much that was most valuable, while it rendered the tenure of the remainder more and more insecure." And he drew his illustrations from a few leading facts. One of the chief objects of the Treaty of Nanking was to obtain relief from the monopoly of the Cohong with its burdensome taxes on trade. The exemption was secured but only at the cost of an attendant evil.

Foreign merchants, in direct custom-house relations with Chinese authorities, all more or less venal and corrupt,

launched into a wholesale system of smuggling and fraudulent devices for the evasion of duties. Chinese laws and treaty stipulations were alike disregarded, sometimes by one party, with forcible infractions of port-regulations; oftener by bribery and collusion between the native authorities and the foreigners. The Imperial revenue was defrauded by both; and foreign trade was demoralized and converted into a game of hazard and over-reaching.

Similarly, the acquisition of the extraterritorial jurisdiction was accompanied by an evil offspring.

Contempt for all Chinese authority, and disregard of inherent rights, habitual infraction of treaty stipulations, license and violence wherever the offscum of the European nations found access, and peaceful people to plunder—such were the first-fruits of this important concession; and time only served to increase their growth. In the absence of adequate provisions for salutary control, the evils and the dangers which, in the Chinese interest and our own, we were called upon to face and bring into subjection, were left in possession of the field, with scarce a serious effort.

Again the same evil progeny was also found in the matter of tolerance for the Christian religion. This advantage was conceded by the treaty with the proviso that all access to and domicile in the interior was prohibited. But the stipulation had been glaringly violated by the missionaries and Christianity suffered greatly as a result.

The Chinese had another cause for grievance against the foreigner in the lucrative coolie traffic which had its headquarters at Macao. The gold discoveries of the middle of the nineteenth century, with the resulting need for increased labor, led to the great influx of Chinese laborers into California and Australia. Contracts were also made for coolies to work in the tropical and sub-tropical regions of the West, where new undertakings were being launched. The cheap-

ness of the Chinese labor so stimulated the activity of the contractors, that within a short time voluntary emigration was found inadequate to meet the demand for labor. As a consequence, Chinese of all classes were kidnapped and transported in coolie ships to Cuba, Peru, Chili and elsewhere, "where they were sold into virtual slavery." In this nefarious traffic the foreigner, who was rendered callous by his thirst for gain, was aided by unscrupulous Chinese subjects. Terrible atrocities and brutalities were perpetrated; and passages like the following constituted a common occurrence in the newspapers of Hongkong:

At Macao the coolie trade is still rampant, with all its abominations. The inquiries instituted, or said to have been instituted, by Governor Amaral (Portuguese governor of Macao), have ended in smoke. Day after day some additional iniquity comes to light in connection with this horrible traffic. Coolies kidnapped, imprisoned in barracoons, flogged to make them consent to sign the iniquitous contract that binds them to a life of slavery, marched with a strong guard to testify at the Government offices to their signature as given voluntarily and freely, half-starved, exposed to blindness and disease on board ship in transit to the place of their exile, tossed overboard, or left on some barren isle to die, if loss of sight or sickness renders them useless to their masters. Such are the grand features of the Macao coolie trade, supported by the governor in his official acts, and the semi-official paper he edits. Such are the horrors of a slave-trade worse than that of the poor African negro, which all nations ought to unite to put an end to.<sup>1</sup>

Besides the lawless conduct of the foreign community and the cruelties of the coolie trade, a further source of trouble was seen in the old opium sore, which could be reopened if the occasion offered. Here the Chinese felt that

<sup>1</sup> Alexander Michie, *The Englishman in China*, ii, p. 169.

they had a just cause of complaint against Great Britain. The trade in the drug was still contraband, but smuggling had advanced by leaps and bounds since the signing of the Nanking treaty. The import of opium jumped from 20,619 chests in 1838 to about 50,000 chests in 1850, and to 85,000 chests in 1860. This increased activity of the smugglers was due mainly to the recent defeat of China, which inspired in the offenders a greater defiance of Chinese laws and caused, at the same time, a feeling among the Celestial officials that the safest road to peace with Great Britain lay in tolerating the national curse. They had just received a frightful lesson for trying to exterminate it, and should they venture to meddle with it again a similar catastrophe might result. To adopt drastic measures to check the traffic would be like applying a lighted match to a powder magazine, inasmuch as the British vessels under whose protection it was still flourishing were efficiently armed to offer any resistance. Since prohibition was impossible, legalization remained as the only alternative; and this course would probably have been followed had not the public continued its strong opposition against it.

Not infrequently smuggling was conducted by vessels called *lorchas*,<sup>1</sup> which were registered at Hongkong and enjoyed the protection of the British flag. When beyond the British jurisdiction some of these vessels even engaged in piracy and perpetrated fearful excesses. This was particularly true of the Portuguese *lorchas*. They acted as convoys to Chinese junks against the pirates who infested the entire length of the coast, but once they got into the outer waters they cast off the mask, and turned freebooters whenever they had a chance. They demanded blackmail of all peaceful traders and committed all sorts of terrible

<sup>1</sup> A *lorcha* is a schooner with hull of European shape, but rigged like a Chinese junk.

abuses, thereby becoming "infinitely greater scourges than the pirates they were paid to repel." The situation constantly annoyed and baffled the Chinese officials, because they were powerless to hold a foreign malefactor to account. They could only look upon a *lorcha* flying a foreign flag as an object of suspicion, but they must connive at its crimes.

On October 8, 1856, such a suspected vessel—the *lorcha Arrow*—flying the British ensign, was boarded by the Chinese authorities while lying off Whampoa. The flag was hauled down and the whole Chinese crew of twelve men was arrested. Thereupon Mr. Harry Parkes, the British Consul at Canton, demanded that an apology be given for the outrage and that the sailors be returned to the *Arrow*. In reply, Commissioner Yeh declared that the *lorcha* had no right to fly the British flag, thereby obtaining its protection, because her British register had expired eleven days previously; that there was no intention to molest genuine traders under the ensign; that the vessel was owned by a Chinese subject and not a foreigner; that he was within his right in seizing the seamen, inasmuch as they were Chinese subjects and were implicated in a notorious case of piracy. This was found unsatisfactory by the English, and after some demur the Commissioner sent the entire crew back to the boat; and promised that:

Hereafter, Chinese officers will on no account without reason seize and take into custody the people belonging to foreign *lorchas*; but when Chinese subjects build for themselves vessels, foreigners should not sell registers to them, for if this be done, it will occasion confusion between native and foreign ships, and render it difficult to distinguish between them.<sup>1</sup>

<sup>1</sup>*Papers relating to the Proceedings of H. M.'s Naval Forces at Canton, Oct.-Dec., 1856, 1857, p. 15.*

But Consul Parkes refused to receive the men, because no apology had been offered. Commissioner Yeh felt that he could not surrender China's right of jurisdiction over her nationals—the inviolable right of every sovereign state; and therefore could not see why he should apologize for exercising control over a Chinese-owned vessel, which was not legitimately entitled to the protection of the British flag, and which lay at anchor in a Chinese port.

What the English were really after was the excuse for further demands.<sup>1</sup> Here was the golden opportunity and they were alert in seizing it. It was the opportunity to secure a settlement for the greater questions, including the revision of the treaties and the *verata quaestio* of the admission into the city of Canton, which was held in abeyance owing to the hostility of the Cantonese. The British endeavored to bring the Commissioner to terms by means of coercion, but the latter stoutly resisted. Gradually the trifling question of the *lorcha* drifted and became large by the accretion of other altercations; and as both sides remained obstinate the two countries found themselves once more embroiled in open hostilities. In this connection Consul Alcock's remark in the report already mentioned is worth quoting:

That no precautionary measures would have had the effect of removing the traditional hostility of the Cantonese is most true. . . . It is not the less true, that if gross abuse of foreign flags, and the immunities they gave by treaty, had not been habitual and matters of notoriety, especially in the class of

<sup>1</sup>The motive that influenced Sir John Bowring, the Governor of Hongkong, at the time was expressed in his own words thus: "Of course the magnitude of our demands grows with the growth of our success. All diplomacy is the exemplification of the Sibyl's story—all wise diplomacy." And Sir John, by the way, was the same gentleman who wrote the beautiful hymn, "In the Cross of Christ I Glory."

*lorcha* vessels — smugglers and pirates all — the particular ground of quarrel in which the Canton difficulty began, would in all probability never have arisen.<sup>1</sup>

In this Second Chinese War, Great Britain was joined by France, which was animated in part by the fervent spirit of imperialism under Napoleon III and in part by the desire to demand reparation for the murder of one of her missionaries in Kwangsi. With the Government disorganized by corruption and the country devastated by the Taiping Rebellion and other associated insurrections, China again went to defeat and conceded all the terms imposed by the allied forces. In June, 1858, the Treaties of Tientsin were concluded with the Earl of Elgin on behalf of Great Britain, with Baron Gros for France, with Honorable William B. Reed for the United States, and with Count Putiatin for Russia.<sup>2</sup> Of these four powers the last two had taken no part in the hostilities, their representatives being enjoined to resort to nothing save moral suasion. But diplomatically the non-combatant ministers acted in concert with the envoys of England and France.

These treaties contained, among others, the following important stipulations:

1. Foreign ministers were to be given the right to reside permanently at Peking, with all the privileges and immunities pertaining to them.

2. Provision was made for the opening of ten additional treaty ports—Newchwang, Tengchow,<sup>3</sup> Hankow, Kiukiang,

<sup>1</sup> *Corr. rel. to Elgin's Sp. Mission*, 1859, p. 56.

<sup>2</sup> Russia had already signed the Treaty of Aigun on May 16, 1858, by which she obtained the cession of the whole of the Chinese territory north of the Amur river, and by which the trade on the banks of the Amur, Sungari, and Ussuri rivers was provided for.

<sup>3</sup> Chefoo with a better harbor was substituted for Tengchow.

Nanking,<sup>1</sup> Chinkiang, Taiwanfu,<sup>2</sup> Tamsui,<sup>2</sup> Swatow, and Kiungchow (Hainan). Commercial intercourse between China and outside nations was confined to these ports, where aliens could reside and carry on trade. Foreign vessels were forbidden to traffic at non-treaty ports under the penalty of confiscation by the Chinese Government, and clandestine trade along the coasts of China was made similarly liable.<sup>3</sup>

3. Foreigners were given the freedom to "travel for their pleasure or for purposes of trade, to all parts of the interior," the only condition being that they must carry passports to be issued by their consuls, and countersigned by the local authorities. Anyone found in the interior without such a document was to be placed in the hands of the nearest consul for punishment.

4. The principle of extraterritoriality established by the first treaty settlement was extended practically to the full. By it the alien in China was put entirely beyond the operation of the *lex loci*; all his rights, whether of person or of property,<sup>4</sup> were subject solely to the laws of his own country administered by the representatives of his own government.

5. Toleration for the Christian religion was granted.

6. The tariff was to be revised.

7. The procedure of the customs with regard to the entry and clearance of ships in a Chinese port and to the method of appraising and assessing duties on the trade was prescribed and safeguarded.

<sup>1</sup> On account of the civil disorder the opening of Hankow, Kiu-kiang, and Nanking was to be deferred until the restoration of internal peace. Nanking was not opened to commerce before 1899.

<sup>2</sup> In Formosa, which was ceded to Japan in 1895.

<sup>3</sup> Br. tr. Tientsin, 1858, arts. xii, xlvii; Am. tr., arts. xii, xiv, Fr. tr., arts. vii, xii.

<sup>4</sup> In questions of land tenure, however, Chinese law rules.



8. The tonnage dues fixed by the first treaty settlement at the rate of T 0.500 a ton for vessels of over 150 tons burden were lowered to T 0.400 a ton.<sup>1</sup>

9. The special privilege of exempting foreign imports from all inland transit dues by the payment of a single sum in advance was extended to foreign exports, and the charge was to be as nearly as possible  $2\frac{1}{2}$  per cent *ad valorem* or half the tariff duty.

10. An indemnity of T 6,000,000 was to be paid, of which T 4,000,000 was to go to England and T 2,000,000 to France.

The revision of the tariff as provided by the British and French treaties was soon taken up, and after some negotiation, the Agreement concerning the new tariff and the rules of trade was signed at Shanghai in November, 1858. The revised tariff for both imports and exports was based on the general idea of 5 per cent *ad valorem*, calculated on the existing prices, that is to say, the old tariff was re-adjusted so as to conform to the fluctuations in prices. There were, however, three exceptions to the rule. First of all, the importation of opium was legalized at a moderate duty of T 30 per picul, being about 7 or 8 per cent of the average value. But the opium was to be transported into the interior of China only as Chinese property and by Chinese subjects only. It was, moreover, excluded from sharing in the advantages as to transit dues, and the Celestial Government was left free to levy such amount as it saw fit. Secondly, the export duty on silk remained unchanged at T 10 per picul. Owing chiefly to the rise in the price of silk this rate was much below 5 per cent *ad valorem*, but still it could not be increased, since a higher duty was opposed to the principal interest of France. Lastly, tea, in which

<sup>1</sup> The charge for ships of 150 tons and below remained at T 0.100 a ton.

China still controlled the world market, was also retained at the old rate of T 2,500 per picul, being between 15 and 20 per cent of the existing value.<sup>1</sup>

The trade regulations were simple. Salt, which is a government monopoly in China, and munitions of war were forbidden in the legal trade. Although rice and copper "cash" might be exported from one treaty port to another under certain conditions, yet their export to foreign countries was contraband. The exportation of beans and beancake was also put under ban.<sup>2</sup> Unenumerated goods were to pay a duty of 5 per cent *ad valorem*, based on their market value. On the other hand, no duty, import or export, could be collected from articles declared to be solely for foreign consumption.<sup>3</sup> The method of commuting the

<sup>1</sup> This rate, which amounted to about 1s. 6d. per lb., was practically equivalent to the minimum import duty on tea in England at this time, which was 1s. 5d. per lb.

<sup>2</sup> This prohibition was abolished in 1869.

<sup>3</sup> The list of duty-free goods consisted of the following: Gold and silver bullion, foreign coins, flour, Indian meal, sago, biscuit, preserved meats and vegetables, cheese, butter, confectionery, foreign clothing, jewellery, plated ware, perfumery, soap of all kinds, charcoal, firewood, candles (foreign), tobacco (foreign), cigars (foreign), wine, beer, spirits, household stores, ships' stores, personal baggage, stationery, carpeting, druggery, cutlery, foreign medicines, glass and crystal-ware. These unjustifiable exemptions caused an enormous loss of revenue to China during the forty-four years of their existence. The value of the imports of some of these commodities in 1908 was:

Flour .....	T 6,931,204
Butter and cheese .....	T 559,624
Perfumery .....	T 210,624
Soap .....	T 1,377,971
Foreign tobacco and cigars .....	T 6,929,308
Wines and spirits .....	T 2,688,568
Household stores .....	T 2,371,861

This obnoxious concession was, however, abolished in 1901, when all the duty-free goods, except rice, cereals, and flour of foreign origin, were made to pay the *ad valorem* duty of 5 per cent.

inland taxation on foreign imports and on Chinese produce declared to be for export to a foreign country was defined;<sup>1</sup> and the system of collecting duties at all the ports was to be uniform.<sup>2</sup>

The treaty negotiations having been completed, the next step was to exchange ratifications. Early in June, 1859, Honorable Frederick W. A. Bruce and M. de Bourboulon, the new ministers of England and France respectively, reached Shanghai, where the Chinese plenipotentiaries, Kweiliang and Hwashana, who had signed the treaties the year before, were awaiting their arrival. The latter at once tried to enter into a conference with the foreign envoys, with a view to securing the relinquishment of certain objectionable stipulations such as the opening of the Yangtse River to external trade and the residence of foreign ministers in Peking, as provided by the Treaties of 1858, which were wrung at the point of the bayonet. The Chinese Government wanted to reopen the discussion on these points before ratifying the treaties, but the British and French representatives refused to interview the Chinese commissioners and insisted on going up to Peking for the exchange

<sup>1</sup> "In the case of imports: Notice being given at the port of entry from which the imports are to be forwarded inland, of the nature and quantity of the goods, the ship from which they have been landed, and the place inland to which they are bound, with all other necessary particulars, the collector of customs will on due inspection made, and on the receipt of the transit duty due, issue a transit duty certificate. This must be produced at every barrier station and *viséd*. No further duty will be leviable upon imports so certificated, no matter how distant the place of their destination." The conditions imposed in the case of exports were similar. Any attempt to violate the rules, such as the unauthorized sale of goods *in transitu*, would render the goods liable to confiscation. Rules of Trade, 1858, rule 7. *Treaties*, i, p. 234.

<sup>2</sup> For an account of the development and working of the Inspectorate General of Customs consult Morse's *The Trade and Administration of China*, ch. xii.

of the ratifications, that place being named in the treaties. These concessions were the choice fruits of the second harvest and the allied powers were most reluctant to surrender them. Interviews were, however, held with the new American minister, Honorable John E. Ward, who was asked to use his good offices to persuade his English and French colleagues to open further negotiations at Shanghai. Nothing resulted from the solicitation, and the foreign ministers proceeded to the capital. Upon reaching Taku they were informed that the route up the Peiho to Tientsin was blocked, and were invited to land at Peitang, ten miles farther north, where the Viceroy of Chihli was waiting to welcome them, and from there they would be escorted overland to Peking to perform the ceremony of exchange. Mr. Ward accepted the invitation and disembarked at Peitang, where he was received with due respect, and where, after his return trip from Peking, he exchanged the ratifications on August 16. The British and French plenipotentiaries refused to accede to the request and were bent on ascending the Peiho, though that right was not stipulated in the treaties; and when they discovered that the passage was barred, they were full of rage and instantly ordered their naval commanders to open it by force, although they had come on a peaceful mission.

Thus hostilities were resumed. And Martin, who accompanied the American mission as an interpreter writes:

The war was rekindled, and the Chinese were accused of bringing it about by treachery. But were they wrong in barring the way to a city that was not opened by treaty? Had the allied ministers a right to expect to reach Tientsin in their steamers when they had neglected to secure it by stipulation? Not only were they aggressors in firing the first shot, they were clearly wrong in the whole issue.<sup>1</sup>

<sup>1</sup> W. A. P. Martin, *A Cycle of Cathay* (N. Y., 1900), p. 193.

In the end the Anglo-French forces occupied Peking and deliberately burnt the Emperor's Summer Palace at Yuen-mingyuen, a beautiful group of buildings, whose wonderful collection of priceless articles representing Chinese achievements in art, architecture, and literature, had already been barbarously sacked and pillaged by the allied troops.

The war was brought to a close by the ratification of the Treaties of 1858, and by the signing of the British and French Conventions of Peking in October, 1860. By these two conventions further concessions were exacted. 1. The Kowloon peninsula, projecting into and dominating the harbor of Hongkong, was to be ceded to Great Britain.<sup>1</sup> 2. Tientsin was to be added to the list of treaty ports. 3. Foreign envoys were to have permanent legations at Peking. 4. The immigration of Chinese laborers to foreign countries was to be permitted. 5. The indemnities, as provided by the Treaties of Tientsin, were increased to the amount of T 8,000,000 each to England and France.

So terminated the contest which was waged for a quarter of a century between China and the Western nations,—Great Britain in particular,—to determine the conditions on which the intercourse between them was to be conducted. The settlement was definite, but it was in favor of the peoples of the West, who from that time have occupied a highly privileged and dominating position in the Celestial Empire. In consequence of the three wars China was deprived of her sovereignty and her hands were tied within the four corners of the treaties, which created *imperia in imperio* inside her territory. She had been forced to learn the long and painful lesson that Might makes Right or at least enforces it, and that her independence could

<sup>1</sup> The Kowloon territory was extended in 1898 by a lease from the Chinese Government for 376 sq miles on the mainland.

not be maintained save by employing the mailed fist. Up to 1834 China was the mistress of her own house; she dictated, as it was her sovereign right, the conditions on which external trade within her dominions was to be carried on. But from 1860 to the present day the whole situation has undergone a complete transformation. Since that date it has been the foreign powers, and not China, that prescribe the terms for the regulation of the Chinese foreign commerce,—some have done it by resorting to force, and others by means of crooked diplomacy, while one has recently made use of the “friendly” ultimatum.

It will be instructive to inquire now into a question which must have repeatedly agitated the mind of the reader since the opening of the chapter, namely, the underlying cause that led England, enlightened though she was, to unchain her thunder “in one instance to exact payment for the destruction of a prohibited drug, in another to procure satisfaction for the insult implied in the Chinese exercising summary justice on their own people, in a third a mere quibble of words, in the last the assertion of a privilege which the negotiators had forgotten to secure.”<sup>1</sup>

During the latter part of the eighteenth century and the first half of the nineteenth (1770-1840) the economic life of England was completely metamorphosed by a series of epoch-making changes, which has been aptly designated under the term Industrial Revolution. By far the most striking change was in the field of manufacture. The factory system replaced the domestic system in industry and the restricted local markets were giving way to national and even international markets. England was rapidly becoming the workshop of the world. The cotton industry was revolutionized by the remarkable mechanical inventions of

<sup>1</sup> Martin, *A Cycle of Cathay*, p. 193.

the last part of the eighteenth century,<sup>1</sup> and during the period 1800-1850 the manufacture of English cotton advanced more than tenfold, or over 1000 per cent.<sup>2</sup> These inventions also greatly improved the woollen manufacture. Then the process of smelting iron by coal was discovered, and the decaying iron industry was so revived by it, that during the century ending 1840 its output was increased by more than seventy-five times. In agriculture scientific farming was introduced and the agrarian interest was abundantly remunerated. And to meet the need for better transportation facilities, canals were constructed, roads were improved, and, what was still more important, steam locomotion was developed.

As a result of these changes the domestic trade of England grew enormously. But despite this rapid growth, the home demand failed to keep pace with the increased production and foreign markets were sought for surplus commodities. A great stimulus was given to oversea trade and this was made effective by cheapened means of transportation consequent upon the development of steam locomotion. The outcome was that the foreign commerce of England expanded marvelously and the "official" <sup>3</sup> value of her exports jumped from £24,000,000 in 1800 to £190,000,000 in 1849, giving an increase of 692 per cent. It is interesting to note that the English foreign markets were to be found in the distant continents rather than in the other countries of Europe, inasmuch as most of the latter

<sup>1</sup> Hargreave's spinning-jenny (1764), Arkwright's water-frame (1771), Crompton's mule (1779), Cartwright's power-loom (1784), steam engine (1785).

<sup>2</sup> Clive Day, *A History of Commerce* (N. Y., 1914), p. 356.

<sup>3</sup> Official values did not change with the fluctuation of market prices, which declined at this time, especially in the case of manufactured articles exported.

were envious of England's industrial and commercial supremacy and imposed vexatious restrictions upon the exchange of her commodities. The sphere of British commercial expansion lay not in Europe, but in America, in Asia, and in Australia.

While looking for foreign markets the English merchants were attracted to China by the idea of supplying one-third of the world population,<sup>1</sup> without realizing, of course, that the character of the Chinese market at that time was exceedingly unsuited to British manufactures. The need for new outlets to relieve increased production was so urgent at the moment, that hardly any attention was paid to their fitness. And prompted by the spirit of eager and restless enterprise, which characterized the period of the Industrial Revolution, these outlets were to be obtained regardless of the cost involved. That was why, when Lord Elgin was appointed High Commissioner and Plenipotentiary in 1857, he was instructed to aim at procuring from the Chinese Government, by means of coercion if necessary, increased facilities for commerce such as the opening of additional ports and access to the interior, more particularly the important cities on the great rivers.<sup>2</sup> That was why England fought three ignoble wars in order to force China to conduct her foreign commerce on terms derogatory to her sovereign power. The sole aim was the extension of the British trade and no sacrifice was considered too great for its achievement.

Moreover, the first half of the nineteenth century was the era when the *laissez-faire* policy of government, as

<sup>1</sup> Sir Henry Pottinger, who signed the Treaty of Nanking, told the people of Manchester that he had found a fresh market for their trade, a market so large "that all the mills of Lancashire could not make stocking-stuff sufficient for one of its provinces."

<sup>2</sup> *Corr. rel. Elgin's Sp. Missions*, 1859, pp. 1-6.



taught in the *Wealth of Nations*, was gaining the upper hand in Great Britain. The "well-ordered trade" of such regulated companies like the East India Company was found incompatible with the promotion of business under the new industrial conditions with their enlarged output, and was accordingly abolished. Free trade was instituted in its place and the ruling economic principle of the day was freedom of competition, complete individualism. It was the idea which "believes that every man should remain and be allowed to remain free, unrestricted, undirected, unassisted, so that he may be in a position at any time to direct his labour, ability, capital, enterprise, in any direction that may seem to him most desirable, and may be induced to put forth his best efforts to attain success."<sup>1</sup> This is, in short, the economic background of England in the whole controversy. Focusing our attention upon such a background we can readily see some of the reasons for the British policy in China at this time, which sought, in the main, to sweep away artificial restrictions, to obtain greater freedom of action, to extend the domain of competition.

<sup>1</sup> E. P. Cheyney, *An Introduction to the Industrial and Social History of England* (N. Y., 1901), p. 234.

## PART II

### THE FOREIGN TRADE RELATIONS SINCE 1861

#### CHAPTER V

##### THE PERIOD OF FOREIGN DOMINATION (1861 TO 1918)

In due time the Industrial Revolution, which England was the first to experience, visited the other countries of the Western world and produced similar results. And with each advance of the transformation the effects have become more and more profound until China has been commercially invaded by the whole of the industrialized West and has finally come to feel the influence of the material development of the Occident herself. The pressure of the European expansion has given rise to momentous changes in China; and it is the intention of the present chapter to touch briefly upon the history of some of these changes—more particularly those connected with foreign trade—of which we do not even yet see the full significance.

As a result of the foreign invasion and the Taiping Rebellion the conditions in China in 1865 were so deplorable that they may be compared to those of Central Europe after the Peace of Westphalia. The whole country was greatly devastated. Then came two decades of marvelous recuperation, accompanied by a reorganization of industry and a wonderful development of trade. However, nothing important happened in her international relations. In January, 1861, the Tsungli Yamèn, or Board of Foreign Affairs, was established for the purpose of directing the diplomatic relations of China with foreign powers. From now on foreign representatives were to deal not with the provincial authorities, but with a permanent body at Peking, which was responsible for the foreign affairs of the coun-

try. No longer could breaches of the treaty be punished on the spot by the application of local coercion. They must now be reported at the capital for diplomatic negotiation and settlement.

During the next few years treaties<sup>1</sup> were concluded by China with practically all the other Western nations, whose emulation was awakened by the settlement of 1860. These treaties were mostly treaties of friendship, commerce, and navigation, having as their object the placing of the other Europeans on the same footing as the subjects of Great Britain, France, Russia, and the United States. In 1867 the Chinese Government despatched its first mission to foreign countries. It was headed by the Honorable Anson Burlingame, who had just resigned the position of American envoy to China. The aim of the embassy was to put the intercourse between China and the West on a lasting basis, by securing more considerate treatment of the former by the latter. It was an attempt to ask the European powers to adopt what Mr. Burlingame himself characterized as "a policy of cooperation—an effort to substitute fair diplomatic action in China for force." Unhappily, Mr. Burlingame died at St. Petersburg before his work was finished, and the mission which continued suffered greatly in prestige thereby.<sup>2</sup>

The years during the sixties were mainly employed in the perplexing task of interpreting the various treaty rights. Many differences were brought to light, but both the British and the Chinese Governments were inclined to adjust them not by coercion but by peaceful negotiation. The chief

<sup>1</sup> Germany (Sept., 1861); Portugal (Aug., 1862, not ratified); Denmark (July, 1863); Netherlands (Oct., 1863); Spain (Oct., 1864); Belgium (Nov., 1865); Italy (Oct., 1866); Austria-Hungary (Sept., 1869).

<sup>2</sup> F. W. Williams, *Anson Burlingame and the First Chinese Mission to Foreign Powers* (N. Y., 1912).

difficulty lay in the British merchants, who refused to recognize that there are two parties to every agreement and that the Chinese had rights and interests just as important as theirs. They insisted on interpolating their own desires into the terms of the treaty, in violation of the accepted principles of interpretation and regardless of the definite statements by the British and Chinese Governments—the only competent authorities on the subject. They demanded, for example, the opening up of the whole of the Yangtse River to foreign trade and the right of residence in any part of China, and charged the Chinese Government with bad faith for attempting to withdraw their concessions, although such advantages were never agreed to by the Chinese. The Hong-kong Chamber of Commerce even claimed that English subjects were entitled to the privileges granted by China to other countries without being bound by the conditions imposed on the enjoyment of such concessions. Persisting in the maintenance of their own interpretation as final, the mercantile community went so far as to attack the British ambassador in strong terms and criticize the foreign ministers as being “advocates of Chinese exclusiveness,” simply because the latter refused to accept their views on the question of the interpretation of the treaties. Commenting upon the situation, Sir Rutherford Alcock, the British Minister to China, wrote in 1868:

Whatever basis of justice there may be in the complaints of the merchants, they have too plainly shown that they have no regard or consideration for either the rights or the interests of others; and the Chinese have a perfectly clear conception that the country has both sovereign rights and national interests, which it is their business to uphold, whatever foreigners may think or say to the contrary.<sup>1</sup>

<sup>1</sup> Sir R. Alcock to Lord Stanley, April 16, 1868. *Correspondence respecting the Revision of the Treaty of Tientsin*, 1871, lxx, p. 124.

The ideas and claims of the mercantile community are outlined in the voluminous memorials concerning the prospective readjustment of the international relations, as provided by the British Treaty of Tientsin, 1858.<sup>1</sup> With a view to revising the tariff and the commercial articles of that agreement a supplementary Convention<sup>2</sup> was provisionally concluded between Great Britain and China on October 23, 1869. It represented a deliberate attempt to recognize China as a sovereign power by conferring upon her the freedom of diplomatic negotiation.<sup>3</sup> Previous to this the negotiations had not been between equals, not being based, as they ought to be, on the principle of *quid pro quo*. Special privileges with no compensation were wrested from China by armed force. Under the one-sided "most-favored-nation" clause in the Chinese treaties the foreign powers claimed all the concessions exacted by any one of them, on whatever pretext, and at the same time gave no corresponding advantages in return. And France even went so far as to insist on enjoying the benefits of the Chinese treaties with other nations without being bound by their terms.<sup>4</sup>

Clause II of the Convention gave to China the right of appointing consuls to reside at all British ports. This was a recognized international right, but the English merchants, both in London and in Hongkong, raised a strong objection

<sup>1</sup>Br. tr. Tientsin, 1858, art. xxvii.

<sup>2</sup>Often referred to as the Alcock Convention, being signed by Sir R. Alcock.

<sup>3</sup>Article I reads: "China having agreed that British subjects shall participate in all advantages accorded by Treaty to the subjects of other Powers, it is further agreed that British subjects, desiring to participate in the advantages accorded by Treaty to the subjects of other Powers, shall participate in such advantages on the same conditions on which they have been accorded to, and are participated in by, the subjects of such other Powers."

<sup>4</sup>Fr. tr. Tientsin, 1858, arts. ix and xl.

against the proposal on the ground that China was not within the pale of international law.<sup>1</sup>

Under Article III British manufacturers were accorded important advantages. "Cottons, linens, woollens, woollen and cotton mixtures, *etc.*, *etc.*, imported by British merchants, shall pay both import duty and transit due simultaneously at the time of importation." "China agrees that the above-mentioned commodities imported by British merchants and having paid import duty and transit due simultaneously at the time of importation, shall be exempt from all other taxes and charges whatsoever in the treaty-port provinces." This was aimed, in part, at giving British goods a free circulation throughout a large part of China, without being hindered by local taxation, and, in part, at checking the growth of the "traffic in transit passes by foreigners (to Chinese), every step of which was a deliberate fraud."

By Article IV Chinese produce, purchased in the interior by British merchants, was to pay all inland dues and charges *in transitu* to the treaty port, but such goods were to be entitled to a refund of any amount that might have been paid in excess of the transit dues, provided that they were exported within a year. Thus illegal levies were made impossible. In the matter of the tariff China was to collect a higher duty on opium, but only in return for half a dozen concessions, such as the right of British subjects to travel in their own vessels in the interior, the opening of coal mines in the South, and the reduction of the export duty on native coal at the Southern ports. The export duty on silk

<sup>1</sup> In a memorial to the Earl of Clarendon the Chairman of the Hong-kong Chamber of Commerce says: "China can in no sense be considered as a country entitled to all the same rights and privileges as civilized nations, which are bound by international law." *Further Memorials respecting the China Treaty Revision Convention, 1870*, lxix, p. 13.

was also to be raised, but this, too, only in return for a similar number of important privileges, dealing with duty reductions and exemptions.

Compared with the previous treaties, the Convention of 1869 was a bargain for the Chinese.<sup>1</sup> China granted a series of advantages and she got something back. But the British merchants wanted too much; they were eager to obtain everything, but were not willing to concede anything. They could see no concessions except on the Chinese side, and were prepared to secure them by brute force, latent or expressed. In view of the opposition on the part of the merchants, by whose electoral pressure they were overawed, the British Government refused to ratify the Convention, after much discussion both in England and in China.

So ended the first attempt to negotiate a treaty with China as an independent party. The effect of the non-ratification was disastrous, for it made the Chinese officials realize more than ever before that Chinese interests must always give way to what the foreigner regarded as his. Not unnaturally, the failure of free negotiation served to increase the power of the anti-foreign party at Peking, and aroused in the minds of the people a violent opposition against any extension of foreign intercourse. Missionary riots occurred, and in 1870 the Tientsin massacre took place. Owing to the reluctance of the Chinese to place their children under the care of the Roman Catholic orphanages, the Sisters of Charity were in the habit of offering the handsome inducement of paying a certain sum for every child given over to their charge. This promoted the kidnapping of children for

<sup>1</sup> Speaking to Lord Clarendon about the bargain Sir R. Alcock remarks: "Have we paid too dear? I think the advantages we have gained so far preponderate over the little that has been yielded, as to leave no doubt on the subject." *Despatch from Sir R. Alcock respecting the Convention of 1869, 1870*, lxix, p. 5.

the establishments by those who were lured by the bounty. Moreover, the Sisters, and the Catholic priests also, encouraged the sending of children who were seriously ill into their orphanages in order to baptize them *in articulo mortis*; and as the little ones came in a critical state they were commonly carried away dead. Then at about this time an epidemic was rife at the Tientsin orphanage, and quite a number of children died as a result. A report was next circulated that the Catholic missionaries were engaged in witchcraft and murder. It engendered suspicions, which were considerably strengthened by the great secrecy that characterized the Roman Catholic institutions. With a view to dispelling absurd misrepresentations the Sisters agreed that a committee of five Chinese should examine the premises. Accordingly, an investigation was at once started. But the French consul unwisely stopped it and drove the committee away with great rudeness. A riot ensued and the infuriated mob ended by burning the Roman Catholic Cathedral and Orphanage as well as killing many French missionaries and their Chinese assistants. The incident was closed by the Chinese giving adequate reparation for the loss of life and property.

The disturbances culminating in the Tientsin outbreak brought the missionary question conspicuously to the fore. The Chinese had reasonable ground for complaint. Their objection to the activities of the missionaries was not entirely religious in character. The methods of some of the bearers of spiritual blessings, particularly the Catholics, went to show that their plans were by no means devoid of political designs. They unwarrantably assumed an independent position and authority, and were in the habit of going beyond the limits of their calling and arrogating to themselves official distinction with all its privileges. They interfered in the trials in which their native converts were



involved, and not infrequently succeeded in withdrawing the latter from their civil allegiance. Their whole attitude was one of defiance of constituted authority, with regard for neither the ideas and sentiments of the Chinese nor the opinions of the British Government. Even such a personage as the Bishop of Victoria, Hongkong, speaking for the British missionaries, advocated the application of local coercion in dealing with the Chinese and asserted that "notwithstanding some superficial appearances to the contrary, the Chinese Government is uncivilized and incapable of maintaining confidential relations with foreigners."<sup>1</sup>

The repeated missionary troubles greatly interrupted not only the diplomatic, but also the commercial relations between China and the West. Desiring to improve the intercourse the Chinese Government, after a careful study of the subject, proposed a set of regulations<sup>2</sup> to deal with the missionary question and communicated it to the foreign representatives in February, 1871. The latter, with the exception of the United States Minister, refused to discuss the proposals, and the Chinese complaints against the missionaries remained unredressed. A further attempt at better relations occurred in June, 1873, when the first Imperial audience for foreign ministers was held. Moreover, the prominent officials at Peking paid unexpected visits of courtesy to the foreign legations. The Tsungli Yamên advocated more extended intercourse with the powers as a means of preventing future troubles, and invited the foreign envoys to come to a better understanding. These proceedings marked a great step in advance; they evidenced that the Chinese Government was no longer disposed to maintain the old policy of strict seclusion.

<sup>1</sup> Letter to the Earl of Clarendon, Dec., 1869. *Correspondence respecting Inland Residence of English Missionaries in China*, 1870, lxix, p. 42.

<sup>2</sup> Williams, *Middle Kingdom*, ii, p. 707.

The hindrance to friendly relations lay in the extravagant claims of the foreigners within the Empire. They seemed to regard China as an appendage to Europe, and were exceedingly eager to insist on a broader interpretation of the treaty rights than was contemplated by the diplomats and even in the face of serious difficulties. A greater obstacle was found in the application of the principle of joint action by the treaty powers in China, a principle almost impossible to put into execution, especially in cases which involved the commercial interests of the different parties. The fact that no existent treaty provisions could be modified nor new ones negotiated without the absolute consent of the great powers, one and all, made it insurmountably difficult for the Chinese to obtain any amelioration for their grievances through independent negotiation and mutual concessions.

This precarious régime was admirably portrayed in a memorandum<sup>1</sup> drawn up in January, 1876, by Sir Robert Hart, the Inspector General of the Imperial Maritime Customs—a competent authority on the existing commercial and administrative situations in China. The memorandum was called for by the Tsungli Yamèn and contains proposals for the better regulation of the foreign commercial relations of the Chinese Empire. This remarkable document deserves to be examined in detail, but space permits us to dwell upon its more salient features only. It consists of five parts. The proposals are classified under three chief heads: Commercial, Judicial, and Administrative, and are prefaced by an introduction and supplemented by a conclusion. In the introduction Sir Robert gives a summary of the important shortcomings of the prevailing arrangements, among which the extraterritorial rights are the most

<sup>1</sup> Sir Robert Hart, *These from the Land of Sinim* (London, 1901), appendix ii (pp. 182-251).

striking. The general nature of the defects and of the various remedies suggested is best given in the words of the author :

As for commercial requirements—the principle running through past and present arrangements is one which distinguishes between persons and not between things, and the natural result is a jealous and angry feeling on all sides; the commercial proposals now submitted make no distinction of persons, but are based on distinctions in things; they place both foreigner and native on the same footing and make it impossible for either to say that the other possesses an unfair advantage. As for judicial requirements—the principle running through the arrangements that have come down to us from the past is again found to be one which gives prominence to distinctions in persons and not in things, and no procedure is established for the joint action which ought to have place where both foreigners and natives are concerned; the judicial proposals now submitted not only provide for procedure but recommend a common code for mixed cases. As for the governmental or administrative action that the management of commercial relations and settlement of judicial business call for—the most striking feature of past and present arrangements has been that they appear to have provided for only one, instead of for both parties, and that they have been devised with so little reference to reciprocity, that to regard them with entire approval is an impossibility; the administrative suggestions now submitted give prominence to reciprocity and advocate the introduction of such arrangements as shall be fair to both parties, and satisfy all alike.<sup>1</sup>

According to the Yamên's instructions, the proposals must fulfil three sound but difficult conditions. They must, in the first place, be suitable to the locality; next, they must be feasible for the Customs; and lastly, they must be accept-

<sup>1</sup>Hart, *op. cit.*, pp. 183-184.

able to all the treaty powers. The foreigners desire change and are progressive. They have obtained practically complete extraterritorial advantages, and to these they wish to add absolute liberty of action, as regards all kinds of trading and industrial pursuits in China. "The foreign complaint is that China does not let foreigners do in China, *plus* extraterritoriality, what they suppose they would be allowed to do at home."<sup>1</sup> The Chinese, on the other hand, seek self-preservation and are conservative. They do not welcome innovation, especially when it is forced upon them by foreigners. Moreover, China has learned the real significance of extraterritorial jurisdiction. She has seen how it impairs her international status and interferes with her domestic affairs; and she is, therefore, not disposed to consent to its further enlargement, to the detriment of the country. While no plan will be acceptable to the treaty powers which does not give greater freedom coupled with the principle of extraterritoriality, the Chinese will reject any system which does not take their ideas and sentiments into consideration. Herein lies the whole stumbling-block to good relations.

The Inspector General then reviews the different complaints as put forth by the Chinese and the foreigners, and formulates various proposals for the improvement of the relations, commercial and otherwise. As regards the commercial complaints "the foreigner complains that China violates his treaty rights. China complains that the foreigner abuses his treaty privileges." These complaints are not the accidental, but rather the necessary results of the treaties.

Commercial intercourse may be said to mean, first of all, exchange of products; thus commercial intercourse between China and not-China would mean exchange of China's for

<sup>1</sup> Hart, *op. cit.*, p. 198.

not-China's products. But commercial intercourse between China and not-China under the treaties covers something more; it means not merely exchange of China's for not-China's products, but goes further and authorizes not-China to engage in China's internal trade—in the exchange of the products of any one part for those of any other part of China. It does not even stop here—it goes still further; it means that not-China shall engage in China's internal trade, not in accordance with China's regulations and tariffs for native traders and inland budgets, but in accordance with a novel system devised for not-China's advantage as a foreign trader, and a tariff and regulations originally intended for foreign and not native trade. The foreign tariff and its attendant rules may be objectionable as long as their operation is restricted to commercial intercourse in its first signification; but, set up in competition with a native system and applied to internal or domestic trade, they have created a serious derangement in China's affairs. At every point they favour the enterprise of the native who breaks native laws, and while they thus act injuriously on honest Chinese traders, they also create difficulties for and make enemies of the officials who administer native laws; at some points they even restrict the foreigners' own operations. The result has been harmful to native merchants and native revenue, and the sense of this has again resulted in opposition to the extension of foreign intercourse and interference with the rights of foreign commercial intercourse properly so called. Most if not all of the complaints are to be traced directly or indirectly to the contemporaneous existence of two systems—a foreign tariff and a native tariff—side by side, and until this is changed complaints must continue to be uttered.<sup>1</sup>

In judicial questions the complaints on both sides, in cases where both parties are involved, are due to the lack of a common code of law, a common procedure, a common penalty, and a common court. Coming to the administrative

<sup>1</sup> Hart, *op. cit.*, pp. 206-207.

complaints we find the foreigner indicting the Chinese as being antagonistic to foreign ideas and foreign ways and indisposed to grant westerners *carte blanche* throughout the length and breadth of China. On the other hand, the Chinese in turn complain that just as the existence of the commercial arrangements of the treaties constitutes a disturbing factor to the trade and finance of the country, so the presence of the administrative arrangements exerts a damaging effect upon the prestige of the Chinese Government and the dignity of the officials in their relations to the people. Since the conclusion of the first treaties, China has learned the full implication of the principle of extraterritoriality, and has discovered that the treaty powers, in their international dealings, do not confer upon one another privileges and immunities such as have been extorted from her. Is it then any wonder that China will not agree to any further extension of the principle, which simply serves to multiply her administrative difficulties? "The foreigner's administrative complaint is that China does not accept foreign suggestions; China's reply is that she cannot do so, so long as their concomitant is unlimited extraterritoriality."<sup>1</sup> The Chinese are contented and conservative, but "the objection of the Government is not so much an objection to improvements as an objection to improvements *plus* extension of unregulated and unlimited extraterritoriality; so, too, it is more than probable that, were extraterritoriality no longer the bugbear it is, China's cry would be for, and not against, what the foreigner styles progress."<sup>2</sup> In fact, a high Chinese official has remarked on several occasions: "Give up extraterritoriality and you may go where you like." At another time he inquired: "Will you even let *our* people in

<sup>1</sup> Hart, *op. cit.*, p. 228.

<sup>2</sup> *Ibid.*, p. 231.

*your* ports have the standing we give *yours* in *ours*?" What China fears most is the indefiniteness of the extraterritorial status.<sup>1</sup> It is, then, evident that if the intercourse is to be placed on a firmer footing the existing arrangements must be modified rather than confirmed. The modifications must provide for mutual advantages through mutual concessions, so that what is fair and reasonable to each as well as advantageous to all concerned is obtained and enjoyed.

But with the unwillingness of the foreigners to adopt a give-and-take attitude it was impossible to carry out the above proposals. As a matter of fact, the year 1876 was also marked by the revival of the old policy of extorting concessions by force and the consequent abandonment of the method of independent negotiation. This was brought about by an unfortunate incident in Western China. After the annexation of Burma by Great Britain the attention of the English was directed to the commercial prospects of the unexplored regions of China and the desirability of opening a trade route from Burma into Yunnan and other southwestern parts of the Empire. Accordingly, an Anglo-Indian expedition was sent under Colonel Browne in 1874 to ex-

<sup>1</sup> In March, 1878, the Tsungli Yamên addressed a very important Circular to the Chinese Ministers abroad, embodying the views of the Chinese Government on the interpretation of the treaties—especially with regard to Transit, *Likin*, Extraterritoriality, "Most-favored-Nation" clause, and the Missionary Question. The letter concludes thus:

"What China wishes to do is to carry out the treaties in such a way as to give full effect to all their stipulations, and place all foreigners in China on the same footing; but she can not allow those treaties to be wrested to mean something which is essentially unfair to the Chinese people, nor, in attempting to adjust national resources to national wants, can she assent to any interference with her sovereignty as an independent state. What the treaties aim at is the maintenance of peaceful relations, and it will be found that nothing contributes to this end more powerfully than a due recognition by either State of the independence and sovereignty of the other."

plore and report on the possibilities of establishing the desired communication. The expedition was attacked and Mr. R. A. Margary, a British consular officer, was murdered in February, 1875. In the sequel England threatened more than once again to unsheathe her sword, but China, wishing to avert a possible conflict, agreed to settle the matter peacefully. After prolonged diplomatic discussions the Chefoo Agreement was signed between the two countries on September 13, 1876.

Besides providing for the satisfactory settlement of the Yunnan affair and the fulfilment of engagements concerning official intercourse the Convention deals with the rectification of the conditions of trade. The British Government might station officers in Yunnan for five years "to observe the conditions of trade" and might propose to open the trade at any time. The exemption of imports from *likin* taxation within the foreign settlements was stipulated, with special arrangements for the import of opium and certain regulations regarding the transit privilege. Four more treaty ports—Ichang (Hupeh), Wuhu (Anhwei), Wênchow (Chekiang), Pakhoi (Kwangtung)—were opened to trade and six ports of call<sup>1</sup> on the Yangtse were provided for the landing of foreign goods. Chungking was to be an outpost where British officers might reside "to watch the conditions of British trade in Szechwan." A joint commission was to be appointed to devise some system for the control of the junk traffic between Hongkong and Chinese ports, so as to prevent smuggling from the former to the latter.

Owing to the inability of England to fulfil her part of the bargain the Agreement failed to receive its immediate ratification. China, however, insisted on its execution and as a result negotiations were reopened in 1883 between the

<sup>1</sup> Tatung, Anking, Hukow, Wusueh, Lukikow, and Shasi.



two countries in London. On July 18, 1885, an additional Article to the Chefoo Agreement was signed, dealing more fully with the opium question. By it opium was to pay to the Customs an import duty of T 30 per picul as before, and a *likin* duty of T 80 per picul, making a total of T 110 per picul on the drug. Such opium was then to be free from further dues of any kind while in transit to the interior in the hands of Chinese subjects. Then a Convention of 1886, dealing with Burma and Tibet, provided for the settlement of commercial conditions by a frontier trade convention. It is interesting to note that the British merchants at this time were clamoring, by appeals to their Government, for the opening up of fresh markets for their fast growing manufactures. For some time they looked upon the southwestern parts of China as the El Dorado of their commercial expansion. This accounts for the activity of the British Government in that region.

But British energy in the Southwest was also stimulated by France's policy of colonization after the Franco-Prussian War. For the purpose of tapping the resources of Yunnan, France undertook to annex Tongking, which was a vassal state of the Celestial Kingdom. China protested against the aggression, but France turned a deaf ear to her protest, regarding her as a *quantité négligeable*. This led to an inconclusive war, which was brought to a close by the Treaty of Tientsin in June, 1885. By it China recognized, *inter alia*, the French claim to Tongking. The frontier trade was to pass through certain points, which were subsequently designated as Lungchow in Kwangsi and Mengtsz in Yunnan. At these the Chinese Government was to establish customs stations and French merchants were to have the same status as in the open ports.<sup>1</sup> Differential duties, based

<sup>1</sup>Fr. tr. of Tientsin, 1885, art. v.

on a reduction of the ordinary conventional tariff of China, were conferred on merchandise moving between Tongking and the provinces of Yunnan and Kwangsi.<sup>1</sup> In April, 1886, a commercial Convention was signed, endeavoring to make the conditions at the frontier similar to those at the treaty ports on the coast. The following year saw the conclusion of another Convention, treating more fully of the special concessions in France's favor. Imports into and exports from China were given a reduction in their tariff of three-tenths and four-tenths, respectively.<sup>2</sup> All privileges and immunities, commercial or political, which China might grant for the regulation of her relations with the countries to her south and southwest, were to be participated in by France under the most-favored-nation clause.<sup>3</sup> The principle of special privileges was further extended by a supplementary Convention of June 20, 1895, by which two towns, Hokow and Szemao, in Yunnan, were opened to trade.<sup>4</sup> For the exploitation of the mines in Yunnan, Kwangsi, and Kwangtung, China was, in the first instance, to have recourse to French skill and industry; and permission was given for the prolongation of the Franco-Annamite railways into Chinese territory.<sup>5</sup> The commercial importance of this region is increased by the opening of the new through railway in 1910, which links the capital of Yunnan with the sea.

The advance of France in South China aroused British suspicion. Feeling that her trade in that section would be

<sup>1</sup> Fr. tr. of Tientsin, 1885, art. vi.

<sup>2</sup> Fr. Additional Commercial Convention, 1887, art. iii.

<sup>3</sup> *Ibid.*, art. vii.

<sup>4</sup> Convention complémentaire de la Convention additionnelle de commerce du 26 juin, 1887 entre la France et la Chine, 1895, arts. ii, iii.

<sup>5</sup> *Ibid.*, art. v.

jeopardized by the special commercial arrangements, England demanded counter-concessions from the Peking Government similar to those extorted by France. This introduced a most radical change into the foreign trade relations of the Chinese, for to the old policy of obtaining concessions by force was now attached the new method of each of the competing powers of exacting for itself exclusive privileges to the serious detriment of its rivals, and, above all, of China. The principle of joint action by the treaty powers was thus brought to an end by the desire for political and territorial aggrandizement.

The list of British concessions was also for the same part of the country. So on March 31, 1890, one of the open clauses of the Chefoo Convention, 1876, matured into the Chungking Agreement,<sup>1</sup> by which the City of Chungking was opened to foreign commerce. And by the Sikkim-Tibet Convention<sup>2</sup> of the same year the right of British India to trade with Tibet was accepted in principle. This document was given an appendant Agreement in December, 1893, opening Yatung to British trade with ample protection, and to the residence of British officers to watch the trade conditions in that market. Frontier traffic in goods other than arms, ammunition, military stores, salt, liquors, *etc.*, were to be exempted from duty for five years, after which a tariff might be agreed upon, if found desirable. Indian tea was to be imported into Tibet at a duty no higher than that imposed on Chinese tea in England.<sup>3</sup> Then the Convention of 1894, giving effect to Article III of the Convention of July, 1886, relative to Burma and Tibet, provided for the delimitation of the boundaries between Burma

<sup>1</sup> *Treaties*, i, p. 317.

<sup>2</sup> *Ibid.*, p. 321.

<sup>3</sup> Regulations regarding Trade, *etc.*, to be appended to the Sikkim-Tibet Convention of 1890, 1893, arts. iii, iv.

and China and the regulation of the frontier trade. Goods were to pass the frontier at Manwyne and Sansi, where, for a period of six years, imports into China were to enjoy a duty reduction of three-tenths and exports four-tenths on the general tariff.<sup>1</sup> A British consul might be stationed at Manwyne and a corresponding Chinese officer at Rangoon. This Convention was modified by an Agreement<sup>2</sup> in 1897, granting certain railway concessions to the British in Yunnan and permitting the establishment of British consuls at Momein or Shunning Fu, instead of at Manwyne, as provided by the original Convention, and also at Szemao. And by a Special Article the long-coveted West River was opened to foreign trade with treaty ports and consular stations at Wuchow in Kwangsi, and Samshui City and Kongkun market in Kwangtung, as well as four ports of call<sup>3</sup> on the river. This modification was intended to counteract the French activity, which had the effect of shifting the bulk of the hinterland trade from Hongkong to Tongking.

Then came the war with Japan in 1894-5, which was terminated by the Treaty of Shimonoseki, signed on April 17, 1895. This is an important document in the regulation of the foreign trade relations of China, for by it many far-reaching commercial privileges were conceded to foreigners. Besides recognizing the independence of Korea, ceding the Liaotung Peninsula<sup>4</sup> (including Port Arthur), Formosa, and the Pescadores, and paying an indemnity of

<sup>1</sup> Burma Frontier and Trade Convention, 1894, art. ix.

<sup>2</sup> *Treaties*, i, p. 340.

<sup>3</sup> Kongmoon, Kumchuk, Shiu hing, and Tak hing.

<sup>4</sup> On account of the joint protest of Russia, France, and Germany, Japan was compelled to waive the cession of the Liaotung Peninsula in lieu of an additional indemnity of T 30,000,000. For the "service" thus rendered to China the three countries claimed and obtained recompense, altogether out of proportion of their "good offices."

T 200,000,000, China was forced to open Shasi in Hupeh, Chungking in Szechwan, Soochow in Kiangsu, and Hangchow in Chekiang to "the trade, residence, industries, and manufactures of Japanese subjects." The navigation of the Upper Yangtse and the Woosung River was also provided. Japanese subjects were to have the right to rent warehouses in the interior and were to be "free to engage in all kinds of manufacturing industries in all the open cities, towns, and ports of China, and shall be at liberty to import into China all kinds of machinery, paying only the stipulated duties thereon."<sup>1</sup> The products of such manufactures "shall

<sup>1</sup> Previous to this the right of foreigners to engage in industry in China was vaguely stipulated in Article VII of the Treaty of Tientsin, signed between China and France on June 27, 1858, as follows:

"Les Français et leurs familles pourront se transporter, s'établir et se livrer au commerce ou à l'industrie en toute sécurité et sans entrave d'aucune espèce, dans les ports et villes de l'Empire Chinois situés sur les côtes maritimes et sur les grands fleuves dont l'énumération est contenue dans l'Article précédent."—*British and Foreign State Papers* (1860-61), vol. li, p. 639; Hertslet's *China Treaties*, i, p. 272; *Treaties*, i, p. 606.

Article II of the British Treaty of Nanking, 1842, provides: "British subjects, with their families and establishments, shall be allowed to reside, for the purpose of carrying on their mercantile pursuits, without molestation or restraint" at the five treaty ports, *etc.* The British Treaty of Tientsin, concluded on June 26, 1858, does not contain the word "industry"; but it embodies a clear statement of the most-favored-nation clause (art. liv). Both the American and the Russian Treaties of Tientsin, 1858, are also silent on the subject, and provide merely for the most-favored-nation treatment in Articles XXX and XII respectively. Following the French treaty of 1858, however, the German treaty of 1861 (art. vi), the Belgian treaty of 1865 (art. xi), and the Austro-Hungarian treaty of 1869 (art. viii), all stipulated for the privilege to engage in industrial enterprises at the open ports.—*Treaties*, i, pp. 160, 212-229, 509-523, 29-35; ii, pp. 855, 763, 1186.

To the treaty powers the above provisions signified the right of manufacturing. But the Chinese Government rejected such an interpretation, and contended that the Chinese expression "kungtso" (French, industrie), as found in the treaties, "must be understood to refer exclusively to manual labor, and cannot be held to include also

in respect of inland transit and internal taxes, duties, charges, and exactions of all kinds, and also in respect of warehousing and storage facilities in the interior of China, stand upon the same footing and enjoy the same privileges and exemptions as merchandise imported by Japanese subjects into China.”<sup>1</sup> In pursuance of Article VI of the Treaty, a Treaty of Commerce and Navigation was signed in July, 1896, following closely the lines of China’s treaties with the European nations. The commercial advantages extorted by Japan were shared by all the treaty powers alike.

The conclusion of the Sino-Japanese War decided for Japan the leadership of the Far East and gave her the position of a *Weltmacht*. But its effect on China was most disastrous, inasmuch as it led to a series of foreign political and territorial aggressions. The Western powers had found

the materials to which that labor is applied;” it meant only that the foreign citizens in question might work as laborers and workmen.—*U. S. For. Rel.*, 1882, pp. 117-120, 134-137; 1883, pp. 129-141, 152-168, 180, 187-190, 191-197, 206-208, 215-217.

In 1883 the United States declined to claim the right to establish manufactures in China by virtue of the most-favored-nation clause. The reason for this procedure was given by President Arthur in his annual message of Dec. 4, 1883, thus:

“While it is the duty of the government to see that our citizens have the full enjoyment of every benefit secured by treaty, I doubt the expediency of leading in a movement to constrain China to admit an interpretation which we have only an indirect treaty right to exact. The transference to China of American capital for the employment there of Chinese labor would, in effect, inaugurate a competition for the control of markets now supplied by our home industries.”—Moore, *A Digest of International Law*, v, p. 450; *U. S. For. Rel.*, 1883, p. viii; see also *U. S. For. Rel.*, 1897, pp. 88-92.

<sup>1</sup> But by the Protocol regarding new ports signed on Oct. 19, 1896, (art. iii) Japan “agrees that the Chinese Government may impose such tax as it may see fit on the articles manufactured by Japanese subjects in China, provided that such tax shall neither be other than that payable by the Chinese subjects nor higher.” Thus China is not even permitted to give superior advantages to her own people.

a rare opportunity to secure very valuable concessions; while China, in her weakened condition, could not but yield to whatever demands were imposed upon her by armed force. The eagles had gathered about the carcass and imperialistic plunder became the order of the day for Europeans in the Celestial Empire. On November 1, 1897, two German missionaries were mysteriously murdered in the West of Shantung, and within an exceedingly short time German warships were sent to seize Kiaochow, in the incriminated province. In addition to the most liberal reparations for the murder, Germany demanded and secured the "lease" of Kiaochow<sup>1</sup> and its surrounding territories, together with exclusive mining rights and railway concessions in Shantung.<sup>2</sup> Such an action was unknown in the history of international comity. It violated even the most elementary code of international morality, and by it an indelible stain was deliberately put upon the cause of Christianity and upon the name of Western civilization. It introduced the novel principle that the murder of missionaries constituted a pretext for territorial aggrandizement and a counter for the exacting of commercial advantages.<sup>3</sup> Never

<sup>1</sup> Kiaochow had been one of the ports leased to Russia by the secret treaty of 1896, known as the Cassini Convention, by which Russia obtained extraordinary privileges in Manchuria plus ample railway and mining concessions. Henri Cordier, *Histoire des relations de la Chine avec les puissances occidentales*, iii, pp. 343-347; B. L. Putnam Weale, *The Re-Shaping of the Far East*, ii, pp. 439-444.

<sup>2</sup> *Treaties*, ii, pp. 944-950. For an English translation of the official German and Chinese originals of the Convention, cf. Weale, *op. cit.*, pp. 455-459.

<sup>3</sup> France also was especially successful in claiming very valuable concessions as compensation for injury done to her bearers of spiritual blessings. For damages inflicted on French missions in 1898, France demanded an indemnity of T 1,200,000, besides extensive mining rights in half a dozen districts in the province of Szechwan. Cf. R. S. Gundry in the *Fortnightly Review*, vol. lxi (Sept., 1899), p. 461.

was the truth of the saying that the flag follows the missionary and trade follows the flag better illustrated.

In the territory thus acquired Germany found not only a strong naval base, but also a *point d'appui* for her commercial exploitation in China. This aroused the suspicion of Russia, who, not wanting to have another European power obtain a foothold in North China, compelled the Chinese Government, in 1898, to agree to a similar lease of Port Arthur, one of the strongest naval ports of the world, and Talienwan.<sup>1</sup> To this were added certain exclusive concessions in the territory to the northward of the new Russian frontier, particularly those dealing with mining and railways. This gave Russia her vantage position in Manchuria. "In order to restore the balance of power in the Far East," England at once secured the lease of Weihaiwei, the only remaining port in North China suitable for a naval base, "for so long a period as Port Arthur shall remain in the occupation of Russia";<sup>2</sup> and also acquired, in 1899, a territorial extension in Kowloon. Not wishing to be an idle spectator, France procured a *pied à terre* in Kwangchowwan, in Kwangtung. In 1899 Italy demanded the cession of Sanmen Bay in Chekiang, but this was rejected and the unscrupulous dissection of Chinese territory was stopped.

Nor was this all. For early in 1898 the foreign powers, regardless of China's rank as a sovereign state, earmarked for themselves certain sections of the country as "areas of spoliation and aggression," better known under the conscience-soothing phrase of "spheres of influence." The territory within a "sphere" is to be for the exclusive com-

<sup>1</sup> Dalny, now called Dairen by the Japanese.

<sup>2</sup> The British lease of Weihaiwei ought to have terminated, inasmuch as Port Arthur is no longer in the occupation of Russia.



mercial and industrial exploitation of its self-appointed "protector," and no portion of it is to be alienated to a third country. So England, in addition to her possession of Hongkong, exacted from the Chinese Government assurances that no part of the great Yangtse Valley should pass to another power. Russia declared that no nation would be allowed to get a dominant footing in the Celestial territories bordering on the Russian frontier. France demanded a similar promise in the southern provinces of China, in order to safeguard her interests in Tongking. Germany marked out the whole province of Shantung, and Japan was assured regarding the non-alienation of Fukien. This was practically equivalent to actual partition. It is worth remark that the dissectors were the very powers that had always required China to evince unqualified confidence towards all their actions; and if she became justifiably suspicious of their sinister designs they accused her of Oriental distrust, of overweening pride, and of unreasoning exclusiveness. Would any Western nation show trust and friendship under such circumstances? A frank observer cannot but answer the question in the negative.

Thus for the "fortunate murder" of two German missionaries—just as the fortunate assassination at Serajevo gave occasion to the European War—important Chinese territories were sliced and filched, and China was forced to yield to concessions without compensation and in utter derogation of her independence and sovereignty. In sharing their spoils the foreign looters followed, as the robber barons of feudal ages:

The good old rule, the simple plan,  
That they should take who have the power,  
And they should keep who can.

It was not for China to question why; it was for her to

accede and abide. Whatever may be said in defence of these acts of aggression it cannot be denied that they constitute an unprecedented breach of international ethics. It was a case of striking a weak man when he was already down, simply because he was unable to offer any resistance. Where was the sense of justice and fair play that has so often been proclaimed as the monopoly of the West?

A word must now be said regarding the attitude of the United States during these stormy years. Wishing to be a good and disinterested friend of China, she was the only great Western nation that stood aloof from the land-grabbing policy of Europe. The United States refused absolutely to subscribe itself to the doctrine of "spheres of influence," and, therefore, to recognize the enjoyment of exclusive privileges by any power whatever in China. Realizing that the imperialistic policy of the rival powers could not but work to the detriment of the commercial interests of the United States in the Far East, the American Government enunciated the principle of the "open door" in China. This occurred in September, 1899, when the State Department, under Secretary John Hay, recommended, in a Circular Note, the acceptance by each of the various powers claiming "spheres of interest" in China of the following propositions:

1. That it will in no wise interfere with any treaty port or any vested interest within any so-called "sphere of interest" or leased territory it may have in China.

2. That the Chinese treaty tariff of the time being shall apply to all merchandise landed or shipped to all such ports as are within such "spheres of interest" (unless they be "free ports"), no matter to what nationality it may belong, and that duties so leviable shall be collected by the Chinese Government.

3. That it will levy no higher harbor dues on vessels of another nationality frequenting any port in such "sphere"

than shall be levied on vessels of its own nationality, and no higher railroad charges over lines built, controlled, or operated within its "sphere" on merchandise belonging to citizens or subjects of other nationalities transported through such "sphere" than shall be levied on similar merchandise belonging to its own nationals transported over equal distances.<sup>1</sup>

This policy seeks equality of treatment for the commerce and navigation of all nations in the Chinese Empire. Although no formal agreement was reached, its acceptance by the powers was considered by Secretary Hay as "final and definitive." England's support was cordial, for her aim was still to open China to the trade of the world.<sup>2</sup> Besides she saw that the "open-door" policy would furnish an effectual check upon the activity of her competitors, which was menacing the traditional supremacy of her commercial interests in China. Not only was equality of opportunity for the trade of all nations guaranteed by the new doctrine, but the integrity of China was also safeguarded, since the former could not be maintained without the latter. To preserve the open-door policy, that is, to prevent the earmarking of "spheres of influence" for exclusive economic exploitation, which means ultimate political absorption, is to arrest the rapidly advancing partition and downfall of the Chinese Empire. The open-door principle was strengthened by the conclusion of an Agreement between Great Britain and Germany in October, 1900, stating their mutual policy in China. The Agreement further insured the inde-

<sup>1</sup> *U. S. Foreign Relations*, 1899, pp. 128-143.

<sup>2</sup> "I may assure your Excellency that the policy consistently advocated by this country is one of securing equal opportunity for the subjects and citizens of all nations in regard to commercial enterprise in China, and from this policy Her Majesty's Government have no intention or desire to depart." Lord Salisbury to Mr. Choate, Sept. 29, 1899. *Ibid.*, p. 135.

pendence of China—a principle which was unanimously adhered to by all the other powers. But we must not forget that the assurance concerning Chinese integrity was anything but complete. Its maintenance depends upon the *status quo* of the affairs in the Far East and upon the inability of the powers to cast it overboard. The foreign nations cannot be expected to forsake the vigorous pursuance of the policy of exclusive economic domination, should an opportunity or a plausible pretext to do so offer itself. Witness, for example, the Japanese policy in China since the beginning of the European War.

Although the territorial loot of China was for the time being stopped, the subtler way of obtaining control was applied more arduously than ever before. Following the Sino-Japanese War the railway problem in the Empire became critical. The more enlightened among the Chinese officials saw the political and commercial value of “iron-highways,” and decided to build them. But the Chinese Government had not the requisite capital, and was compelled to borrow from the foreigner, thereby giving him a chance to gain increased control of the country. Well aware of the importance of railways in modern imperialistic expansion, the foreign powers, in their “Battle of Concessions,”<sup>1</sup> exacted from China many railway privileges, carrying with them the right of financing, construction, and exploitation. These concessions were not all industrial and commercial in character, for some of them possessed a political and strategic bearing. They were obtained on the most onerous terms either by foreign governments or by foreign syndicates supported by their national authorities. Owing to the desire of every power to apply the theory of

<sup>1</sup> As Lord Salisbury described the foreign aggressions in China. *Correspondence respecting the Affairs of China*, 1899, cix, p. 164.

the "sphere of interest" to railway concessions, the railway question gave rise to many a serious diplomatic wrangle during the closing years of the nineteenth century. The struggle, which was started by Russia in Manchuria, was exceedingly keen. By November, 1898, the concessions acquired by the various nations totalled 6,420 miles, distributed as follows: England held the lion's share with 2,800 miles, including the Yunnan-Yangtse and the Hankow-Canton lines; Russia was second with 1,530, including the Manchurian section from Stretensk to Vladivostock; then came Germany with 720; Belgium with 650; France with 420; and the United States with 300—half interests being given only half the estimated length of the line.<sup>1</sup>

Similar concessions were granted to the foreigner to work mines. Exclusive rights of priority in exploiting mines were secured by Russia in Manchuria and by Germany in Shantung, while France and Great Britain were assured equality of treatment in the provinces of Yunnan and Szechwan. In addition to these, mining concessions were also given to foreign private corporations, such as the Peking Syndicate, an Anglo-Italian combination, and the company established by Mr. Pritchard Morgan. The former secured the privilege to work the iron and coal mines in Honan and Shansi<sup>2</sup> together with certain railway rights, while the latter obtained an important grant in Szechwan.

Having learned the bitter lesson of foreign aggression and fearing that the unscrupulous westerner might use the railway and mining rights as instrumentalities for further territorial aggrandizement, the Chinese officials took steps

<sup>1</sup> *Correspondence respecting the Affairs of China*, 1899, cix, pp. 344-347.

<sup>2</sup> In the opinion of von Richthofen, the German geologist, the Shansi mining district is the richest in the world. It was estimated to have a capacity to supply the world's manufactures with coal and iron for two thousand years, reckoning at the present rate of consumption.

to check the policy of concessions. On August 2, 1898, an Imperial edict<sup>1</sup> was issued, establishing the Bureau of Mines and Railways, to control the working and exploitation of mines and railways in China. Four months later it was decided to sanction no further construction of railways until the existing arrangements had been given their due test. And with a view to encouraging and safeguarding honest promoters as well as to stimulating the investment of Chinese capital in the future undertakings of the country a set of twenty-two "Regulations for Mines and Railways"<sup>2</sup> was drawn up and approved by the Emperor. Railways and mines were to be in separate hands and permission to engage in such enterprises could be granted by the Bureau alone. Native capital was to be utilized as far as possible. The Chinese must own at least three-tenths of the total shares, and foreign money could be admitted only upon the sanction of the Bureau, otherwise China would not be responsible for the loan. Disputes between Chinese and foreign merchants regarding mining and railway matters were to be settled by arbitration without the interference of the governments concerned. The aim of the whole measure is summed up in Rule 13: "In order to protect the sovereign rights of China, the control of all railways and mining companies, irrespective of the foreign capital concerned, must remain in the hands of the Chinese merchants; but the accounts of such companies must be open to the inspection of foreign shareholders." The regulations were, however, difficult of execution, especially those connected with the investment of foreign capital, and were subsequently modified along more liberal lines.<sup>3</sup>

<sup>1</sup> *North-China Herald*, Aug. 8, 1898, p. 258.

<sup>2</sup> A translation of the Regulations is given in *U. S. Monthly Consular Reports*, Ap., 1899, pp. 556-558.

<sup>3</sup> For an account of the present mining regulations in China (re-modelled in March, 1914), and a discussion of the various more or less

Another evil ball set rolling by the Sino-Japanese War was the beginning of China's financial difficulties and the consequent introduction of loans by the foreign powers as means to secure political and commercial influence in the Empire. Previous to the Japanese conflict China's foreign indebtedness was exceedingly small.<sup>1</sup> But in order to liquidate the heavy Japanese indemnity of T 230,000,000, the Chinese Government was compelled to negotiate three European loans<sup>2</sup> under very onerous conditions. The upshot of

futile attempts on the part of the Chinese Government to frame a workable mining code, especially one which will permit the free introduction of foreign capital, cf. *The New Atlas and Commercial Gazetteer of China* (Shanghai, 1917), pt. i, pp. iv-v, 4-5.

<sup>1</sup> The first foreign loan was made by Russia in 1865, and the second was contracted in Shanghai in 1866. Then followed:

1874 .....	T 2,000,000 at 8%
1877 Hongkong and Shanghai Bank	T 5,000,000 " 15%
1878 Deutsch-Asiatische Bank .....	T 2,500,000 " 5½%
1879 H. and S. Bank . . . . .	T 16,150,000 " 7%
1886 H. and S. Bank .....	T 779,250 " 7%
1887 German Loan . . . . .	Marks 5,000,000 " 5%
1894 H. and S. Bank .....	T 10,900,000 " 7%
1895 H. and S. Bank .....	£ 3,000,000 " 6%
1895 Cassel Loan .....	£ 1,000,000 " 6%
1895 Arnhold Karberg & Co. . . . .	£ 1,000,000 " 6%

The last four loans were incurred on account of the prosecution of the Chino-Japanese War. All the above loans have been liquidated. S. R. Wager, *Finance in China* (Shanghai, 1914), pp. 22 *et seq.*; *The China Year Book*, 1912, pp. 297-298; *N.-C. Herald*, June 12, 1899, pp. 1053-1055.

<sup>2</sup> 1895 Franco-Russian Loan .....	£ 15,820,000 at 4%
1896 Anglo-German Loan . . . . .	£ 16,000,000 " 5%
1898 Anglo-German Loan .....	£ 16,000,000 " 4½%

The total amount of Chinese external debt up to 1900 is given as £54,455,000 and the charges for interest and sinking fund as over £3,000,000.—*Encyclopaedia Britannica* (11th ed.), vol. vi, p. 188. Since that time China's foreign indebtedness has increased greatly until the sum outstanding on Dec. 31, 1916, was £171,906,000, of which £157,617,000 were owed by the Central Government and £14,289,000 by the Provincial Governments.—*The Statesman's Year-Book*, 1918, p. 752.

this was the increase of foreign control over the fiscal system of the country, more particularly over the management of the Imperial Maritime Customs, since the loans were secured on the returns of the Maritime Customs and on the salt and *likin* taxes. The control of the last was also placed in the hands of the Inspector General of Maritime Customs, who, it was agreed between the British and Chinese Governments, should be a British subject <sup>1</sup> so long as England's trade in China was larger than that of any other nation.

The collapse of China in the Japanese War and the subsequent acts of European aggression led to the appearance of a great reform movement. Deeply stirred by the humiliations which the foreign menace had brought upon his dynasty, the Emperor Kwangsu was inspired by a desire to eradicate China's disgraceful impotence and to put the country in a position which would command the respect of the world. In this task he was strongly influenced by the Nationalist Reform Party, championed by K'ang Yu Wei, a Cantonese scholar of great ability. The movement occurred in the summer of 1898, during which some twenty-seven well-intentioned but sweeping edicts <sup>2</sup> were issued in rapid succession, for the purpose of metamorphosing, in a "Hundred Days," <sup>3</sup> the life, manners, and thought of a people possessing thousands of years of civilization. Among other measures, education was to be transformed along radical lines, and the Government completely reorganized. Commerce was to be encouraged and foreign intercourse improved by the sending abroad of princes of the Imperial

<sup>1</sup> Since 1863 the post had been occupied by Sir Robert Hart, a Britisher, whom Russia sought to replace by one of her nationals.

<sup>2</sup> The edicts are to be found in the official *Peking Gazette*.

<sup>3</sup> As Albert Maybon, called the short reform period in his *La Politique chinoise: Étude sur les doctrines des partis en Chine, 1898-1908* (Paris, 1908), pt. ii, ch. iii.



family—all in the twinkling of an eye as it were, and without due consideration for the adjustment of existing conditions. Such drastic reforms required the best efforts of a superman, and, as the Emperor was only partially equipped for the task, his crusade came to complete failure. He was an ardent idealist and in endeavoring to cure all the ills of a vast empire by a single stroke of the pen he aroused the violent opposition of the Conservative Party, inspired by the Empress Dowager. Feeling that the innovations contemplated would undermine the power of the Manchu dynasty, the Empress Dowager placed the Emperor in subjection, and resumed her control over the country by the *Coup d'état* of September, 1898. She also took steps to persecute the reformers and abolished *in toto* the changes that had been instigated by the Emperor, thereby retarding the regeneration of China.<sup>1</sup>

The signal failure of the Reform Party and the dethronement of Kwangsu accelerated the anti-foreign movement, which finally culminated in the Boxer Rebellion of 1900.<sup>2</sup> This was a patriotic volunteer movement, having as its object the rescue of China from European partition. It was the inevitable result of the numerous acts of foreign spoliation and aggression. In enumerating its immediate determining causes Clements writes:

Leases, commercial servitudes, the loss of sovereignty over

<sup>1</sup> It is significant that the foreign powers remained indifferent during this great crisis, when intervention, if it were ever justifiable, would be accorded much sanction. They considered the memorable reform movement as purely a "Manchu family quarrel," in which they had no concern. Here was a golden opportunity for the foreigners to improve their intercourse with China by helping her to assimilate the elements of Western progress, but the opportunity was cast aside.

<sup>2</sup> The "Boxers" were members of a secret society known as the "I Ho Chuan" or the "Righteous Harmony Fists," which originated in Shantung—the scene of the initial foreign aggression.

the finest harbors, the hypothecation of *likin* and salt revenues, the contracts to promoters and concessions to missionaries forced at the cannon's mouth, the talk of partition, the diplomatic wrangles over "spheres of influence" and "balance of power", the exaction of the last possible farthing as indemnity for acts for which neither Europe nor the United States would have granted indemnity or apology—the answer of the Chinese to all these humiliations was the outbreak of 1900.<sup>1</sup>

By far the greater part of the blame for this racial cataclysm fell not upon China, but upon Europe, which had treated her as a golden goose to be plucked, as a cow to be milked or butchered. But as China is always regarded as necessarily the guilty party in all her troubles with the outside world, she was accused of madly throwing her gauntlet in the face of the powers, although facts show stubbornly that hostilities were started by the latter when they bombarded the Taku Forts. The uprising took the West by surprise, simply because they had underrated the character of the Chinese people, who they thought were devoid of feelings and aspirations. The westerner never expected that the Chinese would be capable of offering any violent opposition to his extortionate and dictatorial ways. Not until the catastrophe of 1900 did he realize that he had irritated the Chinese beyond endurance and that his victims were after all not as decrepit as he had supposed them to be.

During the outbreak many foreigners were killed and many outrages were committed by the Chinese; while the punitive expeditions of the powers were characterized by much looting, brutality and license. The brunt of the suffering fell upon the missionaries and their native converts. In view of the way in which Germany, France, and the other powers had made use of their ministers of the Gospel, the Chinese looked upon the Christian propagandists, and

<sup>1</sup> Paul H. Clements, *The Boxer Rebellion* (N. Y., 1915), pp. 75-76.

rightly so, as simply the political forerunners of the foreign governments, and concluded that their presence could only work towards the gradual disintegration of the country, "the slicing of the melon," as they called it. Especially was it difficult for them to regard it otherwise, for while the missionaries were preaching the Gospel of "peace on earth and good-will toward all men," the various governments, under whose protection they were carrying on their activities, were pursuing Machiavellian methods of coercion and dictation.

The uprising was curbed, and after prolonged negotiations between China and the powers the settlement was ultimately defined in the Peace Protocol of September 7, 1901.<sup>1</sup> The Agreement imposed exceedingly heavy and humiliating penalties upon China. It required, *inter alia*, the despatch of embassies of apology, the erection of commemorative monuments, the execution of princes and officials named by the negotiators, the demolition of the Taku Forts, the issuance of edicts against anti-foreign societies, the clearing of a legation quarter, and the establishment of permanent legation guards. The Tsungli Yamên was to be transformed into a Ministry of Foreign Affairs (Wai-wu Pu, now known as the Waichiao Pu), taking precedence over the other ministries of state. China was "to negotiate the amendments deemed necessary by the foreign Governments to the treaties of commerce and navigation and the other subjects concerning commercial relations, with the object of facilitating them." And above all an international indemnity of £67,500,000 (T 450,000,000)<sup>2</sup> was exacted,

<sup>1</sup> The official French text with the 19 annexes, and their Chinese version, are given in *Treaties*, i, pp. 111-149. For an English translation of the above cf. *U. S. For. Rel.*, 1901, appendix (*Affairs in China*), pp. 312-339.

<sup>2</sup> The United States' share was \$24,440,778.81 (T 32,939,055). This amount was later found to be more than enough to recoup the ex-

to be paid off in thirty-nine years, from 1902 to 1940. This large sum, together with interest, amounts to a total of £147,355,722.

The question of the money indemnity gave the powers no small difficulty, for they quite realized that the growth of foreign trade and foreign investment in China depended largely upon her financial condition. At that time Chinese finance was already in a state of collapse, and to pay off the whole amount demanded in a lump sum would involve nothing short of the instant bankruptcy of the country. The only thing feasible was for China to extend the payment over a number of years and guarantee it by some of the revenues at her disposal. Accordingly, the unpledged portion of the returns from the Maritime Customs, which was to be revised to an effective five per cent, the revenue of the Native Customs, administered in the open ports by the Imperial Maritime Customs, and the balance of the yield of the salt gabelle were arranged as the security of the indemnity. This served, of course, greatly to tighten the chain of foreign direction in China's fiscal system.

Now that the revenues of the Maritime Customs were to form a part of the security of the Boxer indemnity, efforts were taken to make them productive. The then existing tariff, which had been revised in 1858, that is, about forty-four years before, was naturally discovered to have lagged behind the fluctuations of prices, and the need for a second

penses of the American expedition and the claims of American subjects; and in 1908 the United States voluntarily remitted \$10,785,286.12 to China. The Chinese Government has been devoting the funds for the upkeep of the Tsing Hua College at Peking and also for the education of a portion of the Chinese students in the United States—the so-called "indemnity students."

Upon the declaration of war on Germany by China in August, 1917, the Entente Allies suspended the payment of the Boxer indemnity (in the case of Russia to the extent of only one-third) for a term of five years.

revision of the tariff was keenly felt. Consequently, the tariff was altered in such a way as to constitute an effective five per cent, the rate being based on the average values of the three years ending 1899. The revision was confined to import duties and the new duties on articles which had hitherto been placed on the "free list," with the exception of foreign rice, cereals, and flour, gold and silver bullion and coin. The export tariff was left untouched. Moreover, the greater part of the *ad valorem* tariff was to become specific after the year 1902.

In accordance with Article XI of the Peace Protocol of 1901 a Commercial Treaty—known as the Mackay Treaty—was concluded at Shanghai on September 5, 1902, between Great Britain and the Chinese Empire. By it further changes were introduced into the existing commercial conditions. The rules for issuing drawback certificates were reformed and increased facilities for bonding at the open ports were provided. The laws governing internal navigation, established in 1898,<sup>1</sup> were revised and the navigation of the Canton and Yangtse rivers was to be improved. China was to introduce a uniform national coinage and agreed to give due protection to foreign trade-marks.<sup>2</sup> The

<sup>1</sup> In 1898, the rules of 1862 regarding the navigation of the Yangtse were revised, and new regulations for the navigation of other inland waters were adopted. In the same year the right of navigating the inland waters of China was conceded to all such vessels, Chinese or foreign, as might be specially registered for that trade at the treaty ports.

<sup>2</sup> In compliance with the treaty provisions Trade-mark Regulations were drawn up by the Chinese Government in 1904 and again in 1906, but in both cases they were rejected by the powers. Although negotiations on the subject have been opened since that time, nothing definite ensued. China is to-day still without trade-mark laws. The reciprocal protection of trade-marks in China is provided by the special Agreements between Great Britain on the one hand and Belgium, Denmark, France, Germany, Italy, Japan, the Netherlands, Portugal, Russia, and the United States on the other.

obligation of shareholders in both British and Chinese joint-stock companies was to be mutually enforced. With a view to attracting foreign investment in China, the existing mining regulations were to be recast, but only in so far as the revision did not impair Chinese sovereignty. Kongmoon in Kwangtung was opened to foreign trade and thirteen ports of call were established along the West River.<sup>1</sup> Provision was also made for handling the mischievous missionary question and a very conditional assurance was given by England concerning the ultimate recognition of China's absolute sovereignty. This runs as follows:

China having expressed a strong desire to reform her judicial system and to bring it into accord with that of Western nations, Great Britain agrees to give every assistance to such reform, and she will also be prepared to relinquish her extra-territorial rights when she is satisfied that the state of the Chinese laws, the arrangement for their administration, and other considerations warrant her in so doing.<sup>2</sup>

Article VIII, which occupies one-half of the Treaty, deals with a question all-important to commerce. By it China, "recognizing that the system of levying *likin* and other dues on goods at the place of production, in transit, and at destination, impedes the free circulation of commodities and injures the interests of trade," undertook to abandon entirely those sources of raising revenue, provided that the British Government consented to allow, under prescribed administrative regulations, the following:

1. A surtax of no more than  $7\frac{1}{2}$  per cent *ad valorem* on all goods coming from foreign countries in addition to the regular five per cent import duty, making a total duty of  $12\frac{1}{2}$  per cent on foreign imports.

<sup>1</sup> See appendix vii.

<sup>2</sup> British Commercial Treaty, 1902, art. xii. Similar provisions were inserted in the treaties signed with the United States (art. xv) and Japan (art. xi) on October 8, 1903.

2. A surtax not exceeding  $2\frac{1}{2}$  per cent *ad valorem* on native produce for export abroad or coastwise, in excess of the customary five per cent export duty, constituting in all a levy of  $7\frac{1}{2}$  per cent on exports.

3. A consumption tax on articles of Chinese origin not intended for export. China was given the liberty to fix the amount of this tax, but the arrangements which she might make for its collection must in no way interfere with foreign goods or with native goods for export. "The fact of goods being of foreign origin shall of itself free them from all taxation, delay, or stoppage, after having passed the Custom House." Furthermore, the consumption tax was not to be imposed in the foreign settlements or concessions.

4. An excise equivalent to double the import duty on all machine-made yarn and cloth manufactured in China, and on "all other products of foreign type turned out by machinery," whether by foreigners at the open ports or by Chinese anywhere in China, with certain rebates of duties on imported materials used in the manufactured articles, and freedom from export duty, export surtax, coast-trade duty and consumption tax. This clause, together with Article III, which provides that the duties and *likin* imposed on goods carried by junks in the province of Kwangtung shall not be less than those charged on similar goods shipped in steamers, was calculated to prevent the Chinese Government from according preferential treatment to its nationals as against foreigners—a policy which the powers had consistently pursued in their own countries.

Unfortunately, this scheme for the abolition of the *likin* and the increase of the tariff was never put into operation, because some of the other nations refused to give their support. Nevertheless, the Chinese Government had, at different times during past years, taken up the question with

the powers and had often encountered success. Owing to the recent struggle in Europe the negotiation has, however, been prevented from arriving at any definite conclusion. The difficulty of discarding the *likin* has been greatly augmented by the fact that under present conditions it is an indispensable source of revenue to China, and that before it can be abolished an adequate substitute must be found to take its place. It is still uncertain whether or not the proposed taxes will be able to replace it effectively.

Similar treaties were concluded with the United States and Japan on October 8, 1903. But, in addition, Changsha in Hunan, and Mukden, Antung, and Tatungkow in Shengking were opened as places of international trade and residence. The opening of the last three named places made possible the development of foreign commerce in Manchuria. Thus, as the usual share of the punishment for her collision with the powers, China was again forced to amplify certain existing commercial privileges and to grant new concessions besides. Notwithstanding their assurances regarding the abrogation of extraterritorial jurisdiction in China, the commercial treaties of 1902-3 embody the principle of the previous conventions. They were partial penalties upon China for not acquiescing in the "grab" policy of Europe and as such they made additional encroachments on the independent sovereignty of the Empire.

From the outcome of the Boxer outbreak China learned, at a very great cost, another lesson that Might is Right, and that in a world where force still reigned over reason and justice, she must bestir herself in order to survive. Everywhere the voice called: "Reform or disappear." Realizing, though somewhat late, the actual significance of the incessant inroads upon her sovereign power and being anxious to unshackle the numerous burdensome treaty stipulations, the Chinese Government began, soon after the be-



ginning of the last decade, to introduce all kinds of far-reaching reforms, some of which had been summarily annulled in the reform fiasco of 1898. China had at last awakened from her lethargy. The educational system of the country was reconstructed on a modern basis and vast numbers of students were sent abroad in quest of Western knowledge. In 1905 missions were despatched to foreign countries to study modern political systems. The various ministries of the Government at Peking were remodelled along scientific lines, and a constitutional form of government was promised in 1908. Provision was made for the establishment of a single monetary standard and the erection of a mint to supply the nation with a uniform currency.

Much encouragement was given to the building of railways, and by the end of 1906 China possessed 3,746 miles of railroads with an additional 1,622 miles "under construction," while by the close of 1911 the figures were 5,892 and 2,048 respectively. Then the telegraph system and the postal service were improved until the remote corners of the Empire were brought into rapid communication with one another. A great advance was made in the development of industries. Foreign machinery was imported more extensively. Cotton and flour mills were erected, silk filatures, sugar refineries, and factories for the manufacture of tea, matches, glass, paper, soap and other articles were established. More coal and iron mines were opened and new smelting works were started. And in order to keep pace with this industrial development the Chinese organized companies along more efficient methods of management.

In line with the wave of progress, a stringent edict was issued in November, 1906, by which the cultivation of opium was to be totally suppressed within ten years. In December of the same year an agreement was signed with

Great Britain, the latter promising to reduce the importation of Indian opium by 10 per cent every year,<sup>1</sup> for a period of three years, beginning January 1, 1908, provided China would curtail the production of native opium in the same ratio. After a pronouncedly successful trial of three years, a further understanding was reached with the British Government in May, 1911, for the continuation of the annual diminution until 1917. By this new arrangement China was also allowed to raise the consolidated import duty on Indian opium from T 110 to T 350<sup>2</sup> per picul, but only if she agreed to levy an equivalent excise tax—later fixed at T 230 per picul—on all native opium. In April, 1917, the opium trade was officially brought to an end.<sup>3</sup> Although the evil has not been completely stamped out and some opium is still entering Chinese territory through smuggling,<sup>4</sup> it is most unlikely that the drug will ever again become an important article in the foreign trade of China.

During the era of transformation there was born a feeling of national consciousness and the people began to think of "China for the Chinese." The defensive power of the country was strengthened by the introduction of both military and naval reforms. As a protest against the un-

<sup>1</sup> At that time the export of opium from India amounted to 67,000 chests, of which 51,000 chests went to China. Therefore, the rate of reduction was 5,100 chests, and the export of Indian opium in 1908 was 61,900 chests.

<sup>2</sup> This big increase was also due to the great rise in the price of opium from £100 to £520 per picul.

<sup>3</sup> Two international conferences were held (1909 and 1912), by which appeals were made to the powers interested to cooperate with the Chinese in eradicating the opium vice, and sympathetic resolutions were passed.

<sup>4</sup> With the connivance of their Government the Japanese are sending a considerable amount of opium into China through the Japanese-controlled ports and post-offices in Manchuria and Shantung.

just treatment of the Chinese in the United States a boycott on American goods was organized in the summer of 1905. A similar penalty was placed on the Japanese trade on account of the *Tatsu Maru* incident in 1908, in which Chinese national honor was insulted. In 1906 steps were taken to obtain a more effective control over the customs affairs of the country, which, particularly those connected with the Maritime Customs, had been under foreign direction ever since 1854. Accordingly, two supreme Chinese officials were appointed, forming a new board, known as the Shuiwu Chu or Revenue Council, to superintend the entire Customs service. The measure was opposed by the powers and was not carried out until China gave assurance that there would be no change in the Customs administration. Then a Customs College was founded at Peking in 1908 for the purpose of training Chinese subjects for the Customs service. And with a view to abrogating the mischievous extraterritoriality a movement was started to improve the national system of law and the administration of justice in the Empire.

Doubtless the adoption of the program for the regeneration of China was greatly accelerated by the Russo-Japanese War. Besides forcing Russia to relinquish her political and commercial claims in Manchuria, the outcome<sup>1</sup> of the con-

<sup>1</sup>The war was terminated by the Treaty of Portsmouth signed in September, 1905. By it Russia and Japan promised, among other things, to evacuate Manchuria, which was to be restored to the exclusive administration of China, with the exception that the two powers were to maintain guards to protect their respective lines of railway in Manchuria. Russia acknowledged Japan's paramount interest in Korea, abandoned her pretensions in Manchuria, and transferred to Japan her leasehold rights in the Liaotung Peninsula, including the control of the railway from Port Arthur to Changchun. The transfer was made conditional upon the sanction of the Chinese Government, which was obtained by the treaty concluded between China and Japan on December 22, 1905. In granting the confirmation China

flict instilled into the minds of the Chinese people the wisdom of learning from the West, in order to checkmate the actions of the aggressive foreigner, the expediency of meeting the European on his own ground. China saw how her island neighbor, by adopting Occidental civilization, had succeeded, within a generation, in emerging from a position of international nullity to that of a sovereign power which commanded the respect of the world; and she set herself to do the same by abandoning her effete systems and heralding into the vacancies thus created the more efficient institutions of the age.

Nevertheless, while Young China was clamoring for innovations, the Manchu officials received them with some reluctance, for they feared that the reorganization of the Empire by means of radical changes would greatly undermine the control of the Manchu dynasty. Their courageous leader, the Empress Dowager, who had been at the helm of the Government for some time, died in November, 1908, soon after the sudden death of the unhappy Emperor Kwangsu. The reins of the Government were entrusted to a regency, which, although inclined towards a progressive policy, proved incapable of guiding the ship of state during the transitional period. Palace intrigues showed themselves and many of the reforms were nullified. The spirit of discontent was rife and the Chinese people were fast becoming anti-dynastic. They realized more than ever before that the increasing degradation of the country was due largely to the corruption and inefficiency of the Manchu rulers and they decided to put them out of commission at the first good opportunity.

also agreed to the transformation of the military railway constructed between Antung and Mukden into a commercial line, under the control of the Japanese; and consented to open sixteen cities in Manchuria, including Kirin and Harbin, to foreign trade and residence.

Such an opportunity presented itself in the autumn of 1911. In addition to being threatened with foreign aggression, the country was now simmering with rebellion. This precarious situation led the Manchu Government to believe that the only way to recover and maintain its prestige was to exert a more unified control over the whole Empire. It was with this end in view that the centralization of the army was effected. Now the Government decided to apply the same line of action in dealing with the railways, and on May 9, 1911, an Imperial edict was issued proclaiming their ownership by the state. Many of these railways were provincial undertakings, brought into existence by the patriotic motive of developing China by means of native capital instead of foreign loans, which had invariably proved detrimental to the sovereign power of the nation.

In order to carry out the program of centralization, however, the Government needed funds, and these could be procured only by contracting loans abroad. Negotiations with foreign financiers had been in progress for a long time; and in less than a fortnight after the inauguration of the policy of nationalization of the railways the Hukwang Railway Loan of £6,000,000<sup>1</sup> was concluded. This sum

<sup>1</sup> Also called the Four Nations' Loan, being issued by British, German, French, and American capitalists. The Quadruple Group later became the Sextuple Group, when Russia and Japan were admitted as members in February, 1912. The latter in turn dwindled into the Quintuple Group in March, 1913, as a result of the withdrawal of the American bankers (J. P. Morgan & Co., Kuhn, Loeb & Co., The First National Bank, and The National City Bank) from the participation. This was brought about by the opposition of the Wilson Administration to the so-called "dollar diplomacy," which had been initiated under the Taft régime. President Wilson refused to support the transaction, because the conditions of the loan were such as "to touch very nearly the administrative independence of China," and so there was implicitly imposed upon the American Government a responsibility which might lead to "forcible interference in the financial and even the political affairs of that great Oriental State." Such an interference

was to be expended for the construction of two important

was, said he, "obnoxious to the principles upon which the Government of our people rests." The United States was, however, earnestly desirous of cultivating the most close commercial relationship with China, and would help her in the development of her resources, especially when the Chinese people had recently awakened "to a consciousness of their possibilities under free government"—a movement with which the American people were in sympathy. The statement concluded thus: "Our interests are those of the open door—a door of friendship and mutual advantage. This is the only door we care to enter."—For the official announcement of the withdrawal cf. *The Commercial and Financial Chronicle* (N. Y.), vol. 96, pp. 824-826; *The American Journal of International Law* (N. Y.), vii, pp. 338-341.

But the door in China cannot be kept open with the United States standing aloof. Unless this country participate in Chinese loans the American people can obtain no weighty voice in the council of nations which has the political and territorial integrity of China in its keeping, and can, therefore, render no real assistance to the Oriental Republic in her rehabilitation. The wisdom of this has been brought home to President Wilson by the War. This caused the reversal of the quondam attitude of the Administration in July, 1918, when the Washington Government approved a loan to be made by a syndicate of American bankers, in association with the bankers of Great Britain, France, and Japan, to China, in order that the latter might be enabled "so to equip herself as to be of more specific assistance in the war against the Central Powers." An agreement was entered into between the bankers and the Department of State. The most salient feature of this agreement is that in which the Department gives assurances that if the terms and conditions of the loan are accepted by the United States and China, "in order to encourage and facilitate the free intercourse between American citizens and foreign States which is mutually advantageous, the Government will be willing to aid in every way possible and to make prompt and vigorous representations and to take every possible step to insure the execution of equitable contracts made in good faith by its citizens in foreign lands." This important declaration contains great prospects for the extension of American trade and investment in China and for the securing of a place in the Chinese market in the severe *post-bellum* competition for trade. Such an outlook appears still brighter when we take into consideration the Webb Export Trade Act of 1918, which permits American manufacturers to combine for the purpose of developing foreign markets.—Cf. *The Com. and Fin. Chronicle*, vol. 107, p. 445; *The Annalist* (N. Y.), xii, p. 123; *Asia* (N. Y.), xviii, pp. 729-731.

lines—the Hupeh-Hunan section of the Canton-Hankow Railway and the Hupeh section of the Szechwan-Hankow Railway—and was secured by the revenues of Hupeh and Hunan.<sup>1</sup> But it is to be remembered that this was the period when the indebtedness of China was accumulating at a most rapid rate. On March 24 a loan was negotiated with the Yokohama Specie Bank for Yen 10,000,000. Two weeks later £500,000 was borrowed from the Eastern Extension and the Great Northern Telegraph Companies, on the security of certain telegraph receipts, for the improvement of Chinese telegraphs. And on April 15 the Currency Loan for £10,000,000<sup>2</sup> was signed, the major part of which was to be set aside for the reform of the national currency. So within a period of three months £17,500,000 was added to China's foreign debt, and the people were disturbed thereby. They protested against the mismanagement of the country's affairs, but the Government refused to take them seriously.

The policy of nationalizing the railways and the signing of the Hukwang Loan created a great stir throughout the country. The whole scheme was unpopular and protests poured into Peking from all quarters—from every Provincial Assembly, from the railway and other associations, and from the native press. The Government was charged with having encroached upon the rights of the people in trying to rescind the concessions granted to the provincial private companies and in trying to abandon the privilege of the Chinese to construct their own railways in the future. Moreover, the resentment against the new policy was

<sup>1</sup> For the Loan agreement cf. C. C. Wang, *The Railway Loan Agreements of China* (Peking, 1916), pp. 547-584.

<sup>2</sup> This loan was also concluded with the Four Nations' Group. On account of the Revolution in 1911 it was not floated, but £400,000 was paid as an advance for the Manchurian development.

prompted by the prevailing spirit of provincialism. While the Imperial Government was aiming at central control, the provinces insisted on local management. Every one of them wished to build its own railways and to reap whatever returns the enterprise might bring.

As for the opposition to the Hukwang Loan, and later the Currency Loan too, actual experience had taught the Chinese people to fear that the powers which were financing it were aiming at making further inroads upon the independence of the country. They suspected that the foreigner had sinister designs behind the loan, and it is hard to see how they could regard it otherwise, in view of the fact that the loan was concluded only after a prolonged negotiation<sup>1</sup> of two years, marked by sharp contentions between China and the powers concerned, and between the powers themselves, as well as by the pretensions of Russia and Japan, both of whom demanded a share of the exploitation, although having no capital to lend. It is to be understood that the Chinese people do not, as a good number of westerners believe, oppose foreign loans *per se*. What they object to are those that would jeopardise the enjoyment of their sovereign rights. On the other hand, loans that are devoid of political significance and have nothing in view except the legitimate profits of investment are always welcomed.

The Imperial Government, on the contrary, declared that the centralization of the railways was necessary, inasmuch as very little progress had been made in the private construction work, and the provincial railway administration was characterized by "waste and extravagance in some cases, and misappropriation and pocketing in others." Convinced of the wisdom of the policy of state ownership, the Government decided not to recede from it, but to put it into

<sup>1</sup> J. O. P. Bland, *Recent Events and Present Policies in China* (Philadelphia, 1912), pp. 322-326; *China Year Book*, 1914, pp. 227, 233-234.



operation with a firm hand. An attempt was accordingly made to coerce the provincial gentry to obey the will of the throne. This was, however, taken as an indication that the Manchu Government were trying to gain control of the railways for its own selfish ends. Coupled with other elements of discontent, it supplied the ground for a general outbreak against the reigning dynasty. After much violent agitation the revolutionary movement, which startled the world, was formally proclaimed on October 10, 1911, and from the upheaval emerged the Chunghwa Minkwok, or the Chinese Republic.

Hand in hand with this political revolution, other remarkable transformations swept, and are still sweeping, over the length and breadth of the land. China is rapidly sacrificing her ancient culture in favor of the civilization of the Occident. The Government is awakening to a consciousness of its power and of its obligations to the people. Efforts have been made to uproot official corruption and to modernize the actual administration of the country. Reforms are taking place in taxation and in judicial organization and procedure. More and more the Government is giving aid to industry, transportation, and commerce. In September, 1914, regulations governing the organization of business corporations were approved and promulgated. Under the new regulations many new companies sprang into existence and not a few old ones were reorganized. Rules for the establishment of chambers of commerce and for the formation of stock exchanges were also put into force. As a result of the latter the more important centers of China have since been equipped with stock exchanges. Such economic institutions promote the free flow of capital and will, therefore, exert a wholesome effect upon trade. In 1913 industrial inventions were duly recognized by the Government, and *bona fide* inventors

were to be given patent rights for a period of five years besides receiving certificates of merit for personal distinction. Recognizing that trade prospers in countries where commercial organization is most efficient, the Ministry of Agriculture and Commerce has created a Bureau of Research for investigating topics that will be of special assistance to Chinese merchants in their effort to extend the foreign trade of the country. Since November, 1914, tea, an important trade which has steadily declined in recent years through neglect, has been given a reduction of export duty of T 0.25 per picul. The export duty and *likin* on several other native products have either been abolished or reduced within the last few years. This practice of encouraging Chinese exports will, doubtless, be extended to other industries as the fiscal condition of the country permits. Moreover, systematic investigations have been made by government experts into industries such as sericulture, cotton-growing, and mining, and the adoption of modern methods of production are urged upon the people engaged in those pursuits.

Social changes have been instituted. The queue has gone by the board and European dress becomes the fashion of the day, especially in the cities. In the schools Western learning has continued to be popular and more attention has been given to subjects dealing with government, trade, and industry. A great transformation is also seen in the economic life of the nation. Newer methods of production and distribution are replacing the older ones. Attempts have been made to improve agriculture and forestry. Additional railways have been constructed and new factories built. Commercial undertakings are being organized along scientific lines. True to the popularity of things Western, foreign goods are in growing demand, and the foreign trade of the country is advancing at a very rapid rate. On account of the adjustment to the higher price levels of the

West, the cost of living is increasing and with it the wages of labor, although not so rapidly. China is feeling the effect of the industrial and commercial system of the Occident and is struggling vigorously to conform to it.

While China was setting her house in order she encountered many an embarrassing moment in her intercourse with the outside world. Taking advantage of the unsettled conditions left by the Revolution, the outlying dependencies of the country commenced cutting themselves loose from the authority of the Central Government; and to make the burden heavier for the infant Republic to bear, the foreign powers whose possessions were contiguous to those regions advanced all sorts of pretensions. Great Britain tried to strengthen her hold on Tibet. Russia deliberately endeavored to obtain complete control over Outer Mongolia, where China was forced to concede to her important privileges, both political and commercial. Then Japan was casting a greedy glance on Eastern Inner Mongolia, the territory bordering on Southern Manchuria; while in Manchuria, Russia and Japan were extending their influence at the expense of China. The *rapprochement* between the two former enemies began soon after the signing of the Franco-Japanese Agreement in 1907, providing for international understandings in the Far East.<sup>1</sup> So in November, 1909, when the United States, wishing to maintain China's sovereignty in Manchuria and to preserve the open door,<sup>2</sup>

<sup>1</sup> France and Russia were allies.

<sup>2</sup> At about this time the United States was seeking to extend its industrial and financial interests in China, more particularly in Manchuria, where she had an important trade. Within a few days after the signing of the Treaty of Portsmouth in September, 1905, the late Edward H. Harriman, the American railroad magnate, concluded a memorandum agreement with Marquis Ito, providing for the American lease of the South Manchurian Railway. This line was to be a part of Mr. Harriman's projected belt line of the world. Ito and his associates favored the plan, because they felt that it was an

suggested to the powers the "commercial neutralization" of the Manchurian railways under an international administration,<sup>1</sup> Russia and Japan rejected the scheme. And feeling that their preserves were jeopardized, they concluded a Convention in July, 1910, pledging cooperation in defending the *status quo* in Manchuria.

Moreover, Japan and Russia were drawn together by their pacts with Great Britain. The Triple Entente between England, France, and Russia was completed in 1907 by a series of agreements between England and Russia. The Anglo-Japanese Alliance, which was originally signed in January, 1902, and renewed with amendments in August, 1905, and July, 1911, has a great influence on Far Eastern questions. It professes to maintain the general peace of the Far East, and to preserve the principle of equal opportunity for the development of the commerce and industry of all powers in China, that is, the open-door policy, by upholding the independence and integrity of the Chinese Empire. And in November, 1908, Japan concluded the Root-Takahira Agreement<sup>2</sup> with the United States, intending "to encourage the free and peaceful development of their commerce on the Pacific Ocean," to support "by all pacific means at their disposal" the independence and integrity of China and

economic and political necessity. Economically, Japan, having failed to exact any indemnity from Russia, had no funds and could not push on her schemes of expansion, without financial aid from outside. Politically, it would serve as a buffer against Russia and permit Japan to exploit the hinterland. So American finance was welcomed. But owing to popular opposition in Japan the plan failed to attain its object. Had it been put into operation, American capital would have been playing a significant rôle in Manchuria, North China, and Korea. There would have been American-Japanese coöperation in the affairs of the Pacific region and the situation in the Far East would have been very different from what it is now.

<sup>1</sup> *U. S. For. Rel.*, 1910, pp. 231-269.

<sup>2</sup> *Ibid.*, 1908, pp. 510-512.

the open-door doctrine, and to maintain "the existing *status quo* in the region above mentioned."

These and other "*ententes*" and "understandings" with the great powers gave Japan a recognized status in the international politics of the Far East. But while Japan was "humbugging" the western powers with all kinds of diplomatic assurances, which she has so successfully made ever since 1905, she was planning the downfall of European control in Eastern Asia. Her aim was to get rid of the strong powers in her neighborhood, just as she pried off the barnacles of Western extraterritoriality from her internal affairs. She wanted liberty of action not only nationally, but also internationally. Like all imperialistic nations she felt that she had a "mission" to fulfil, which was to dominate the Extreme East to the exclusion of all other powers. Just as Germany aimed at the hegemony of Europe, so Japan aims at the hegemony of Asia. This explains the fact that the history of Japan in the Far East has been a history of aggression.<sup>1</sup>

Having annexed Korea in 1910 and being in possession of special rights in Manchuria for her trade and development, Japan now turned her longing eyes upon China proper, as a legitimate field for economic exploitation, as well as political subjugation. This is a region second to none in the world as regards the wealth of resources. It can furnish Japan—and for that matter any other nation—with many of the raw materials that she needs, especially iron, with which she is but scantily endowed. Inhabited by a vast population which can supply a large and efficient labor force, it constitutes the richest market of the world in the not distant future. Ever since the beginning of the century the

<sup>1</sup> A clear outline of the Japanese expansion in Asia is to be found in Stanley K. Hornbeck, *Contemporary Politics in the Far East*, appendix v.

Japanese had been making every effort to develop their trade with the Chinese, and as a result it had more than tripled between 1900 and 1913. Japan secured about 20 per cent (1913) of the entire foreign trade of China, and although surpassed by the British Empire, her second place was undisputed. Great numbers of Japanese merchants had already invaded different sections of the country with their cheap imitations of Western manufactures. Japanese shipping, fostered by the liberal subsidies of its Government, was already claiming more than 25 per cent (1913) of the total tonnage engaged in the Chinese trade and was favorably competing with the British lines, which still held the premier position.

Regarding China as the arena for her commercial expansion, Japan, of course, could not remain satisfied without getting a Herculean grasp on her helpless neighbor, a grasp so strong that no nation would ever dare to question her leadership afterwards. But since her plan would arouse great alarm among the nations of the West, to whose combined voice she could not turn a deaf ear, it could be executed only at the most opportune moment. She had been patiently waiting for an opportunity, and that opportunity presented itself when the world went to war in August, 1914.

In compliance with the Anglo-Japanese Alliance, Japan alertly joined in the hostilities against Germany. This was done more than willingly, for in it she saw the longed-for chance to fulfil her oft-professed "destiny," to strengthen her hold on the Far East. On August 15, 1914, Japan advised the Imperial German Government to withdraw all its warships from Far Eastern waters and to deliver to her the whole leased territory of Kiaochow "with a view to its eventual restoration to China."<sup>1</sup> An unconditional

<sup>1</sup> This promise to return Kiaochow to China was made with a view

acceptance of the ultimatum was required within a week. Germany gave no answer and Tsingtao was besieged by a combined British and Japanese force, and after a gallant defence the German garrison capitulated on November 7. Following the fall of Kiaochow, Japan occupied the German railways and mines in Shantung. In this campaign Chinese neutrality was glaringly violated by Japanese troops—the Oriental exponents of Prussian militarism.<sup>1</sup>

With Kiaochow and other German outposts in the Pacific captured the Tokio Government felt that the time had come to tighten its grip on China. This was the more necessary inasmuch as the continental neighbor had become a Republic and was drawing from the fountain of Liberalism inspirations which would prove detrimental to the designs of the powerful Japanese military clan, which, like the Junkers in Germany, controlled the Government of Japan by maintaining the archaic principle of the Divine Right of Kings. And to add fuel to the Japanese dislike the new Republic was under the presidency of Yuan Shih Kai, an old enemy of Japan, who declined to adopt a submissive attitude towards the dictates of the island Empire.

The attempt was abundantly favored by a most remark-

to allaying foreign suspicion before its occupation. But once the territory was seized Japan did not hesitate to repudiate it through Baron Kato on the occasion of an interpellation in the Japanese Diet early in December, 1914. Cf. T. F. Millard, *Our Eastern Question* (N. Y., 1916), p. 121.

In a note presented by the Japanese Minister to the Chinese Government in connection with the treaties of May, 1915, the Japanese Government declared its readiness to restore Kiaochow to China after the war, but under conditions which would amount to the virtual annexation of the territory by the Mikado Empire. Cf. *The Sino-Japanese Negotiations*, p. 53.

<sup>1</sup> For an account of the violation of China's neutrality see Millard, *op. cit.*, pp. 107 *et seq.* and appendix T; Hornbeck, *Contemporary Politics in the Far East*, p. 290.

able combination of circumstances in international affairs. The great European powers were fighting for their lives at home and could not be expected to interfere with Japan's freedom of action. As for the United States, the only nation that could put obstacles in the way, the Japanese saw that in withdrawing from the participation in the Six Power Loan the Wilson Administration had abandoned the American championship of the open-door policy and the independence and integrity of China. At any rate the vigilant islanders knew that the United States would do nothing more than protest and would be most reluctant to employ force in the interest of the principle of equal rights of all nations in China.<sup>1</sup> So on January 18, 1915, in the absence of all rivals, Japan made the now infamous twenty-one demands<sup>2</sup> on China, with a view to subjugating the young Republic.<sup>3</sup> The series was arranged in five groups:

<sup>1</sup> With a view to deterring an American protest a Japanese battle fleet was stationed at Turtle Bay, on the coast of Lower California, throughout the entire course of the negotiations at Peking. Cf. Millard, *op. cit.*, pp. 278-279.

<sup>2</sup> *The Chino-Japanese Negotiations* (Chinese Official Statement with Documents and Treaties with Annexures), Peking, 1915, pp. 19-22.

<sup>3</sup> For an interesting and instructive account of the origin of the Japanese demands cf. B. L. Putnam Weale, *The Fight for the Republic in China* (N. Y., 1917), ch. vii.

The monstrous purpose of the demands is further revealed in the instructions of Baron Kato, the then astute Foreign Minister of Japan, to Mr. Eki Hioki, the Japanese Minister at Peking, dated December 3, 1914:

"In order to provide for the readjustment of affairs consequent on the Japan-German war and for the purpose of ensuring a lasting peace in the Far East by strengthening the position of the Empire, the Imperial Government have resolved to approach the Chinese Government with a view to conclude treaties and agreements mainly along the lines laid down in the first four Groups of the appended proposals. . .

"Believing it absolutely essential for strengthening Japan's position in Eastern Asia as well as for preservation of the general interests of that region, to secure China's adherence to the foregoing proposals, the Imperial Government are determined to attain this end by all means



I. The Japanese Government "being desirous of maintaining the general peace in Eastern Asia and further strengthening the friendly relations and good neighborhood existing between the two nations," required of the Chinese Government to give full assent to any disposition which Japan and Germany might agree to, concerning the German rights, interests, and concessions in Shantung. China was to promise not to cede or lease to a third power any territory within Shantung or along its coast. In the same province she was to consent to the Japanese construction of a new railway and the opening of additional ports to trade. By this Japan would obtain very extensive rights in the

within their power. You are, therefore, requested to use your best endeavor in the conduct of the negotiations, which are hereby placed in your hands.

"As regards the proposals contained in the fifth Group, they are presented as the wishes of the Imperial Government. The matters which are dealt with under this category are entirely different in character from those which are included in the first four Groups. An adjustment, at this time, of these matters, some of which have been pending between the two countries, being nevertheless highly desirable for the advancement of the friendly relations between Japan and China as well as for safeguarding their common interests, you are also requested to exercise your best efforts to have our wishes carried out.

"It is very likely that in the course of these negotiations the Chinese Government will desire to find out the attitude of the Imperial Government on the question of the disposition of the leased territory of Kiaochow Bay. If the Chinese Government will accept our proposals as above stated, the Imperial Government may, with due regard to the principle of China's territorial integrity and in the interest of the friendship of the two countries, well consider the question with a view to restoring the said territory to China, in the event of Japan's being given free hand in the disposition thereof as the result of the coming peace conference between Japan and Germany. As, however, it will be necessary in restoring the said territory to China, to lay certain conditions such as the opening of the territory for foreign trade, establishment of a Japanese settlement, *etc.*, you will ask for further instructions when you propose to declare to the Chinese Government the willingness of the Imperial Government to consider the question." Cf. *The Far Eastern Review* (Shanghai), June, 1915, p. 23.

strategic region, greatly in excess of those formerly possessed by Germany.

II. As for South Manchuria and Eastern Inner Mongolia, Japan demanded the extension of the term of the lease of Port Arthur and Dalny and of the Japanese railways<sup>1</sup> in Manchuria to ninety-nine years. Throughout the two districts Japanese subjects were to have "the right to lease or own land required either for erecting suitable buildings for trade and manufacture or for farming"; to be free to reside, to travel, and to engage "in business and in manufacture of any kind whatsoever"; and to enjoy such mining concessions as the two countries might decide upon.<sup>2</sup> Before granting a railway concession to the subject of a third power or making a loan with a third power on the security of the local taxes in South Manchuria and Eastern Inner Mongolia, the Chinese Government must get the consent of the Mikado Government. Tokio was also to be consulted in advance if Peking desired to employ foreign advisers for these sections. China was to surrender to Japan the control and management of the Kirin-Changchun Railway for ninety-nine years. This group would give the Japanese overlordship of a wealthy region in the Chinese Republic.

III. The Japanese Government, "desiring that the common interests of the two nations shall be advanced," required that the Hanyehping Company<sup>3</sup> be converted into

<sup>1</sup> South Manchurian Railway and Antung-Mukden Railway.

<sup>2</sup> Heretofore no such far-reaching privileges had been granted to foreigners in China, chiefly because of the existence of extraterritorial rights. Outside of the missionaries no alien was permitted to reside, own land and buildings, and carry on business except at the treaty ports.

<sup>3</sup> It was a Chinese undertaking, controlling the largest iron-works in China. It could produce 15,000 tons of pig-iron every month, 7,000 tons of steel rails, and a very large quantity of steel plates, nails, *etc.* The finances of the Company were in a precarious position and Japanese capital had already been invested in the concern.

a joint enterprise of China and Japan at the opportune moment. But China was not to dispose of her rights in the Company without Japan's consent; nor could she permit the working of mines in the neighborhood of those owned by the Company, or the launching of any undertaking which might affect directly or indirectly the interests of the Company, without the Company's consent. Here was a scheme to secure for Japan, which had very little coal and iron of her own, the control of the mineral wealth of the great Yangtse Valley.

IV. "With the object of effectively preserving the territorial integrity of China" the Peking Government was pledged not to cede or lease to any power except Japan any harbor, or bay, or island along the coast of China.

V. But most far-reaching of all demands were those found in the last group, which, if granted, would have made Chinese independence altogether a thing of the past. China was to employ Japanese as advisers in political, financial, and military affairs. The right of owning land was to be given to Japanese hospitals, schools, and churches in the interior, and the subjects of Nippon might carry on religious propaganda in China. The police department of important centers in the Republic were to be jointly administered by the two countries. The Chinese Government was to purchase 50 per cent or more of its munitions of war from Japan. The Japanese were to be accorded the right of constructing certain railways in the Yangtse Valley, and they were to be consulted before the Chinese could admit foreign capital to work mines, build railways, and construct harbor-works in Fukien, the province opposite the Japanese possession of Formosa. This group, which the Tokio Government withheld from the Allied powers, reminds us of Japan's action in Korea, after the war with Russia in 1905. It was intended as the prelude to the final annexation of the Republic of China.

In this remarkable international *coup* we witness a clear revelation of the ambitions of Prussianized Japan, which constitute the most disturbing factor in Far Eastern affairs and a constant menace to the future peace of the world. It was a deliberate attempt to destroy China's independence and integrity, to encroach upon the treaty rights of other foreign powers in China, and to set at defiance the open-door policy.<sup>1</sup> Japan took pains to conceal her plot by imposing secrecy of negotiation upon China, and by instructing her ambassadors at London, Washington and elsewhere to deny the truth<sup>2</sup> and to *camouflage* for the governments to which they were accredited the whole conspiracy with all the kinds of warm assurances known to Japanese diplomacy. So for many weeks after the delivery of the momentous demands, the news of the Japanese onslaught upon Peking was regarded as incredible and left unappreciated.<sup>3</sup>

<sup>1</sup> In his *Contemporary Politics in the Far East*, appendix vii, Prof. Stanley K. Hornbeck of Wisconsin gives a clear and succinct compilation of the treaties and agreements dealing with the integrity and sovereign rights of China, the "open-door" policy and "equality of opportunities"—conventions which Japan converted into "scraps of paper" in 1915.

<sup>2</sup> As the leading example of this *suppressio veri* compare the original twenty-one demands as presented to China by Japan with the excerpt of those demands as furnished by Japan to the foreign governments. Such a comparison is to be found in Hornbeck, *op. cit.*, pp. 307-311.

<sup>3</sup> At first the press in the United States would not print the Japanese demands and inserted only the cabled assurances of Count Okuma, the then Premier of Japan: "As Premier of Japan, I have stated and now I again state, to the people of America and of the world, that Japan has no ulterior motive, no desire to secure more territory, no thought of depriving China or other peoples of anything which they now possess. My Government and my people have given their word and their pledge, which will be as honestly kept as Japan always keeps promises." Had the crafty count forgotten his country's promises with regard to Korea? (For a short but clear compilation of the treaties and agreements with reference to the independence and territorial in-

Gradually, however, the veil of mystery was torn asunder by the publication of the facts, and what followed was a *démarche* that startled the world. Downing Street was prompted to action, for the demands flagrantly infringed upon the objects of the Anglo-Japanese Alliance. Great opposition came from all the influential capitals. In view of this and of the fact that much excitement, indignation and alarm were aroused in China by the outrage, Japan modified her demands somewhat after a protracted negotiation. On April 26 the Japanese Minister at Peking presented a list of the revised demands<sup>1</sup> for reconsideration. With a view to effecting an amicable settlement the Chinese Government delivered a reply<sup>2</sup> to the Japanese revised demands on May 1, making the greatest possible concessions, concessions which were subversive of China's sovereignty and prejudicial to her prospects of economic development, and for which she obtained no *quid pro quo* whatever, everything being to the sole benefit of Japan.

But the answer was found unsatisfactory by the exacting insular neighbor, for it did not accede to her demands *en bloc*, and she intimated that drastic measures would be adopted. China then made every effort to prevent an *impasse*, but the attempt proved futile in face of the desires

tegrity of Korea, which Japan destroyed in 1910, when she formally annexed the Hermit Kingdom, *cf.* Hornbeck, *op. cit.*, appendix vii).

And when American newspapers circulated the demands they supplemented them with Okuma's remarks that "the uneasiness and suspicion in the United States in connection with Japan's negotiations at Peking are based on misunderstanding and misinformation scattered broadcast by interested mischief-makers."

Consult Millard, *op. cit.*, chapter xi for an admirable and instructive discussion on international publicity and the Far East, and on the misuse of publicity by the Japanese Government for purposes of swaying public opinion both at home and abroad.

<sup>1</sup> *The Chino-Japanese Negotiations*, pp. 23-29.

<sup>2</sup> *Ibid.*, pp. 29-38.

of a government whose whole policy was to annex everything worth while regardless of the cost involved, and who saw nothing save the long-coveted Chinese prize glittering across the Yellow Sea. So on May 7 the Tokio Government filed a "friendly" ultimatum,<sup>1</sup> demanding the acceptance of its revised demands within forty-eight hours, and threatening to have recourse to such steps as might be deemed necessary if no satisfactory reply was received within the specified time.<sup>2</sup> But Japan agreed "to detach Group V from the present negotiation and discuss it separately in the future." China was in a dilemma. Her financial condition was deplorable. She possessed no adequate military defence and protection of her own; and as armed help from Europe and America was altogether out of the question, she had no alternative but to bow to the inevitable and accept the ultimatum. Hers was not to ask the reason why; hers was but to accept and abide.

After the acceptance of the ultimatum the necessary treaties were signed between China and Japan on May 25, and on June 8 the ratifications were exchanged. So terminated one of the most extraordinary events in recent diplomatic history. Through it the young Republic lost many valuable rights and had a very narrow escape from her infeodation as planned by her neighbor. But the outstanding questions are by no means settled, for Group V is only temporarily postponed and will be presented again

<sup>1</sup> *The Chino-Japanese Negotiations*, pp. 39-44.

<sup>2</sup> Such are the tactics of Japanese diplomacy—essentially Bernhardian. Discussing the basis of Japanese diplomacy in an article appearing in *Shin Nijon* of May, 1915, Count Okuma, the Premier of Japan, said: "Diplomacy, to be really effective and successful, must be backed up by sufficient national strength. It is only ten or fifteen years since Japanese diplomacy began to carry weight with foreign countries, and it began from the time that Western Powers commenced to recognize Japan's military strength." Cf. Millard, *op. cit.*, p. 219.

should the world situation after the great European War be such as will give the Japanese a free hand in Eastern Asia. That powerful diplomatic gun of Japan is still threatening the peaceful development of the Far East and it will remain so until it is incapacitated. As a result of the negotiations Japan became decidedly the dominant power in China.<sup>1</sup>

But Japan's victory was a Pyrrhic victory, for it aroused in the Chinese people a deep-seated hatred of the island Empire, one which would be an insurmountable handicap to the future Japanese commercial expansion in the continental Republic. Immediately after the acceptance of the ultimatum a movement was engineered to boycott Japanese goods and to refrain from sending cargo by Japanese vessels. It soon became formidable at several commercial centers, and had not the Chinese Government disapproved of this form of retaliation it would have been carried to its extreme. But although the boycott was suppressed, the ill-will of the Chinese towards Japan has not been abated and will always remain to clog the wheels of Japanese trade and intercourse in China.

Having obtained their political paramountcy in the Celestial Republic the Japanese turned to the problem of disguising their Chinese policy with some semblance of decency and justice. They clearly perceived that in order to calm suspicions and allay foreign criticisms it was necessary that the wolf be given a sheep's clothing. Accordingly, the policy was popularized under the high-sounding title, "Japan's Monroe Doctrine for Asia." This is nothing but a catch phrase calculated to mislead the unthinking. The analogy of a Japanese Monroe Doctrine for Eastern Asia is

<sup>1</sup>A detailed discussion on the Chino-Japanese negotiations and treaties is to be found in the various articles appearing in *The Far Eastern Review* (Shanghai) for 1915.

most unfair and deceiving, because it has no support from facts. The Monroe Doctrine, as advocated and practised by the United States, is, in essence, the protection of the weaker American republics in their right to develop themselves without trammels from outside. To be more definite, the doctrine was enunciated about a century ago to promote the growth of republicanism in the New World by forestalling any attempt on the part of the European nations to encroach upon the smaller American states and to extend to them their monarchical system of government. It was defensive and the United States never sought to meddle aggressively in the affairs of the other American countries. Unlike the Japanese, the Americans have asked for no preferential and exclusive privileges from their neighbors, no "spheres of interest," no territorial "concessions." They have never, to cite only a few instances, required of any Latin-American country that it could cede or lease no territory of its own to any power except the United States; that it must employ Americans as political, financial, and military "advisers"; that the police department of its important cities must be jointly administered with American "assistance"; that it must purchase at least one-half of its armaments from the United States; that it must construct its railways and exploit its mines and other natural resources only with the consent of the United States and upon terms dictated by the latter; that it could secure no foreign loans for purposes of general development without consulting Washington in advance and except with American participation.

On the contrary, the United States has invariably endeavored to safeguard the territorial integrity and political independence of the Latin-American republics and to leave them unconditionally free in the control of their industry and commerce, to the end that no nation trading in that part



of the world may obtain exclusive commercial privileges. In other words, in both theory and practice the Monroe Doctrine, as maintained in the Western Hemisphere is a sort of a prototype of the "territorial-integrity" and "open-door" doctrines which Secretary John Hay prescribed for the powers in China. Such is the real Monroe Doctrine.

The Japanese Monroe Doctrine, on the other hand, is the negative of the Hay principle. That this is so is evident from the operation of the Japanese policy in the Orient. Her high-handed actions in Korea, South Manchuria, Shantung, and other parts of China plainly demonstrate that Japan has no more regard for the territorial integrity and political autonomy of the countries in the Far East than a cat has consideration for the rights of a mouse. While a study of the notorious twenty-one demands upon China in 1915 in the light of Japan's past history in Eastern Asia reveals to us that the Japanese conception of respect for the commercial principle of the open door for all nations is equivalent to Japan's domination of Chinese industry and commerce to the exclusion of all other states, including China herself.

It will thus be seen that the new Monroe Doctrine for China and the Extreme Orient is the exact antithesis of the genuine Monroe Doctrine. "Japan's Monroe Doctrine," writes Professor Jeremiah W. Jenks, "is ours exactly upside down, conferring the right, not chiefly to protect from abroad, but mainly to hold your victim safe even from his friends while you are making good your own attack."<sup>1</sup> It is simply the Japanese imperialistic movement *camouflaged* under the ostensibly humanitarian cloak of "Asia for the Asiatics," and was designed primarily to distract the attention of the West from Japan's aggression in the Oriental

<sup>1</sup> *The Economic World* (N. Y., July 14, 1917), p. 42.

Republic. To characterize the Japanese situation in the Far East as an Asiatic variety of the American Monroe Doctrine is, therefore, an insult to the President of the United States who proposed the famous doctrine which bears his name. The analogy is misleading and absurd; and it is because of this absurdity that the Japanese Government has refrained from giving the doctrine a strictly official enunciation, the idea being freely circulated by the Japanese press and the powerful Japanese publicity agencies only.

Side by side with this pseudo-Monroe Doctrine the Japanese advanced a spurious plan of cooperation. Having proclaimed her political predominance in China, Japan tried to seek recognition for her exclusive commercial position in the same country. For this purpose Baron Yei-ichi Shibusawa, the leading financier of Japan, was delegated to the United States as the national spokesman in the autumn of 1915. While in America the Japanese financier delivered numerous addresses, in the course of which he repeatedly told the Americans that they should cooperate with Japan in "the peaceful exploitation of China." He declared that while the United States could supply plenty of capital, "Japan has the men — men able, trained and capable of holding the positions of managers, engineers and foremen, who are versed in the ways of the Chinese and understand their traditions and prejudices. They can be hired much more readily and at much less expense than Americans." Or, as an attaché to the Japanese Legation at Peking laconically put it, "We Japanese have the brains and you Americans have the money. Let us work together."

It was of the utmost importance, the Baron pointed out, that American capital for the development of Chinese resources should be assisted by Japanese brains and skill. For if the United States failed to adopt this plan of cooperation, he candidly told the Americans, "our activities

in the Chinese market might lead to hostile competition, mutual distrust and bitter animosity, which might be mutually disastrous." That is to say, if America wants to invest its money in China she must do it through Japan, for should she attempt to enter that country independently, trouble may ensue. Why? Simply because Japan desires to establish her supremacy in the Celestial Republic.

Whatever Nippon statesmen and publicists may have assured us to the contrary, the events in the Far East during the last fifteen years have proved conclusively that what Japan is really after is the economic as well as the political domination of China to the exclusion of all other nations. In a very interesting article in the *Far Eastern Review*, under the caption, "Economic Effect of the Extension of Japan's Spheres of Influence in China,"<sup>1</sup> it is demonstrated beyond doubt that "the extension of Japanese political influence in China means the closing of the door of equal trading opportunity," for "experience has shown that in regions in China in which political control is exercised by the Japanese the tendency is for foreign trade other than Japanese to diminish." After taking South Manchuria as a case in point and illustrating how by questionable methods—such as the discrimination in favor of Japanese goods on the semi-official Japanese South Manchurian Railway, and the special reduction of one-third of the regular Customs duty at Antung, where practically all of the goods entering Manchuria are of Japanese origin—Japanese goods there have succeeded in ousting those from other countries, the *Review* proceeds:

When it is found that in one region in China in which the Japanese exercise political control or influence, the trade of European and American nations succumbs to Japanese state-

<sup>1</sup> *The Far Eastern Review*, May, 1915, pp. 487-491.

aided attacks, it is fair to assume that similar results will follow the acquisition of special interests by Japan in other localities. Japan desires to extend her political influence over Eastern Inner Mongolia, Shantung and Fukien. Her avowed ambitions are confined for the moment to the regions named, but there is no guarantee that she will not seek, if opportunity offers, still further extension. As she claims to have acquired as one of the spoils of war the right secured by Germany to extend the railway from Tsinanfu to a point on the Peking-Hankow line, this brings her into Chihli, the metropolitan province. If eventually she succeeds in obtaining the right to construct the railways connecting Wuchang with Kiukiang and Nanchang, between Nanchang and Hangchow, and between Newchwang and Chaochow, her influence will be extended over Hupeh, Kiangsi and Kwangtung. . . .

The Principle of Equal Opportunity was adopted by all the great commercial Powers because it was realized that the alternative, the Spheres of Influence policy, was fraught with danger to China and to themselves. If there is one country more than another that stands to benefit by the maintenance of the open-door policy it is Japan. As long as there is equal opportunity for all in China, Japan must necessarily gain the largest share in any development of trade—provided, of course, that her manufactures are of satisfactory quality and that she does not antagonize the Chinese people. Japan has the advantage of proximity; of cheap labor in factory and steamer; of state aid in the shape of reduced freight charges on the Imperial Railways of Japan, of subsidies to steamship companies, of cheap financial accommodation. With these advantages. . . . Japan, it would be thought, could watch with equanimity the steady increase of her trade with China without seeking to accelerate it by any dubious methods.

Statistics show clearly that Japan's trade with China has gained most from the operation of the open-door policy. In 1905 it was ninety-six million taels, but in 1913 it rose to one hundred and eighty-five million taels, not including

Korea, which was credited with another ten million taels. The Japanese share of the foreign trade of China jumped from 14 per cent to almost 19 per cent, while that of the United Kingdom and Hongkong dropped from 48 per cent to less than 41 per cent during the same period. And yet, continues the *Review*:

Japan is not satisfied. She not only wants her full share in the increased trade that the progressive policy of the Chinese Government and the restoration of orderly conditions in the interior of China is creating, but she is endeavoring to extend her political influence so that she may filch from other foreigners the trade they have already established. To achieve this end she has compelled China, by a threat of war, to acquiesce in a considerable extension of her political influence and to agree to discuss in the future proposals that are designed undisguisedly to render the principle of equal opportunity inoperative. Some Japanese publicists are quite candid in regard to Japan's ambitions. They state that Japan is sufficiently powerful to compel the European and American merchant to surrender the China market to exclusive Japanese exploitation. Japan professed belief in the open-door policy as long as she thought it was advantageous for her to do so, but the time, they declare, has come when Japan can disclose her real policy, that of exclusion. . . .

Japan has revived the policy of Spheres of Influence in China. She is using her military supremacy in the Far East to secure for herself the foreign trade of China and the sole benefit of the development of the natural resources of the Republic. . . . Is it in the interest of the world that Japan should be allowed to establish a political and commercial hegemony over Asia? The answer is obvious.

To return to our topic proper we see that Japan is aiming not at cooperation, as Baron Shibusawa would have us believe, but at exclusion. Japan knows that for the development of China foreign capital is absolutely necessary. But

she also knows that if money is permitted to enter there freely from America and Europe it will lessen her control over the new Republic; so her settled policy has been to check the flow of Western capital into China. But Japan cannot provide the requisite capital and she fully realizes that her position is not yet such as would enable her to slam the door hard and fast against entrepreneurs from the West. Therefore, she proposes to America, and also to Europe, that if they wish to participate in the great economic transformation of China they should place their investment there under her managing directorship, to the end that her supremacy in the Republic may be as little undermined as possible. In other words, non-capitalistic Japan desires to exploit China for her exclusive benefit and to subjugate the Chinese like the Koreans with funds put under her control by America and Europe. Herein lies the sole reason why Japan asks the United States to cooperate with her in exploiting China.

In view of the fact that the Japanese have closed and bolted the door to American finance and commerce in Korea, Manchuria, Shantung, and Fukien it is surprising that they should come forward with what must be characterized as in reality a sham scheme of cooperation. They have done what they can to kill off American enterprises in the Oriental Republic. For it was through Japanese diplomatic intrigue, supported by threats of force, that valuable contracts between American financiers and the Chinese Government, such as the Chinchow-Aigun Railway Agreement, and the Bethlehem Steel Corporation construction scheme in Fukien, were cancelled, while other American projects in China were seriously hampered. Japan is quite aware that a China independently developed by America is not a China which Japan can control and absorb, so she has constantly endeavored to prevent American money from being invested

in that country, and in cases where she cannot prevent she proposes to cooperate. That this is so is sufficiently illustrated by the following incident. In 1916, when the Japanese Government protested against the improvement of the Grand Canal by the American International Corporation and attempted to force her participation in the project, the American Minister at Peking politely asked for American cooperation in a scheme for railroad-building in Southern Manchuria. To this request Baron Hayashi, the Japanese Minister at Peking, replied, after considering the question for several days, that the "cooperation" plan as advocated by the Japanese did not apply to Southern Manchuria, where Japan had preferential rights and American participation was unnecessary. Commenting upon the episode, Samuel G. Blythe pertinently observes :

Well, there it was, and there it is. Japan seeks to cooperate with the United States only in such places in China as Japan does not dominate at the present time. Japan brooks no cooperation or interference in places where Japan has nailed herself down, but will cooperate in places picked out by Japan—and not by America—where Japan thinks Japan can be advantaged in her plans by such cooperation, and American profits and influence diminished.<sup>1</sup>

Furthermore, we have seen the real commercial significance of a partnership with Japan in developing China. England's experience with the South Manchurian Railway, that mighty weapon with which Japan wields her hold on Manchuria, manifestly proves that Anglo-Japanese cooperation has caused the complete loss of British trade in that part of China. With British money the Japanese have succeeded in locking the door in Manchuria. Now they want to close the other parts of China with American

<sup>1</sup> *The Saturday Evening Post*, May 26, 1917, p. 53.

money. The English have learned their lesson and that was why they flatly turned down a similar Japanese proposal made to England by Count Okuma when he assumed the premiership of Japan several years ago. What has happened to Great Britain, Japan's ally, will happen to the United States if she falls into the same trap.

We have already pointed out that the Shibusawa plan of cooperation assumes that when the Americans want to carry on business in China they must procure Japan's consent, and we have traced the reason for such an assumption. The scheme also implies that the Americans are not competent to conduct an enterprise in the Orient without outside help. Take, for example, railway construction, which Baron Shibusawa stated as a gigantic opportunity offered to capitalists by China. According to the Baron's plan, America should furnish the capital while Japan will undertake to build, run, and control the railways with her managers, engineers, foremen, and various classes of trained laborers. As financiers, engineers, and business men the Americans are known the world over for their ability and shrewdness, and any implication which puts the Japanese as their superiors in these professions may be dismissed without even ridicule.

The scheme, moreover, assumes that the Chinese are either not capable even of assisting in the development of their own country or are to be callously denied such participation. For, in the Japanese proposal of cooperation, China does not come in at all, except as a cow bought with American money to be milked or butchered according to Japan's pleasure. But why eliminate the Chinese whose resources are to be exploited? Though China is not far advanced in science she has at her command not a few engineers, mechanics, and other scientific men of her own, and such of them as have been given a chance to demonstrate their



ability have acquitted themselves well. For instance, the Kalgan Railway extension to Tatungfu, one of the most difficult pieces of engineering work in China, was constructed entirely by the Chinese at a cost so low that it surprised foreign experts, while the work was so well done that it incurred the envy of foreign engineers whose construction in other lines was less solidly performed. In this connection George Bronson Rea, an American engineer-journalist in the Far East, writes:

China has many first-class experienced railway builders who know the customs and traditions of their own people much better than do the Japanese, and who can be employed still more readily and more cheaply and who can carry out the work more efficiently and economically if given the opportunity. China has a large number of young engineers graduated from the best American colleges whose intelligence is on a par with, if not superior to that of, Japanese youths, and who are seeking an opportunity to practise their profession in their own land, an opportunity that has been denied to them by the selfish policy of exploitation and control which underlies nearly all of China's foreign railway concessions.<sup>1</sup>

Why not engage these technically trained Chinese in the exploitation of their own country? Why should they be discriminated against in favor of Japanese engineers? The Japanese are not better railway constructors than the Chinese. As a matter of fact, most of the Japanese engineers forced on China in recent years have been half-baked and incompetent, and China's experience with them has been anything but satisfactory.

So much for the engineers. How about the managers? The management of railways in China is open to criticism and there is much room for improvement. But this does

<sup>1</sup> *The Chinese Students' Monthly* (U. S. A.), March, 1916, p. 351.

not mean that Japan can do it better. The Chinese should learn more about the scientific management of railways. But this knowledge cannot be obtained from Japan. Just how the Japanese have managed their own railways is plainly set forth in the following extract from *Jiji Shimpō*, a leading Japanese newspaper, in 1915:

The government management of railways has improved neither the service nor the revenue therefrom; and the Government is continually compelled to borrow money to promote efficiency. The fact that railways in Japan are not made to pay their way as in other countries shows that they are not properly managed. Railways managed as the Government manages them would, as private enterprises, be compelled to go into bankruptcy; but the Government makes the nation supply the deficiency.<sup>1</sup>

With such a record of Japanese management he would be a poor business man indeed who advocates its extension to the railways in China. The Chinese may not have run their railroads very efficiently, but, unlike the Japanese, they have incurred no deficit and have succeeded in bringing hand-some returns to the investors.

As for good labor, it is beyond question that no nation in the world possesses such an abundant supply of it as China. Why, then, is it so important that America should cooperate through Japan in the material development of China? Is there any indispensable factor which Japan alone can provide?

The Japanese have always arrogated to themselves the title of "the interpreter between East and West," and Baron Shibusawa told us that they "are versed in the ways of the Chinese and understand their traditions and prejudices." Such a statement is absolutely baseless. By their countless high-handed actions in China and their disregard

<sup>1</sup> Cited in Millard, *op. cit.*, p. 288.

of the feelings of the Chinese people, the Japanese prove that they have not only failed but also refused to understand their neighbors and respect their just aspirations. They have brought on themselves the deep-seated ill-will of the Chinese nation, to whom the name of Japan stands today as a synonym of falsehood, arrogance, and aggression. This natural ill-feeling on the part of the Chinese will be extremely difficult to eradicate, and so long as it exists no healthy relation between the two countries is to be expected.

The Americans, on the contrary, have always enjoyed the good-will of the Chinese people. Their industry and commerce in China are devoid of ulterior motives and look only for the legitimate profits of business. Accordingly, the Chinese are ever ready with open hands to welcome American merchants and American entrepreneurs. While Japanese activities are regarded by the Chinese as at best something to be tolerated only but not encouraged, American enterprises are invited and warmly received. America has the capital and she has the experienced men to enter the Chinese field on her own account, and Japanese help is unnecessary. Moreover, she has at her disposal intelligent Chinese, trained in the best American colleges and universities, men who are filled with American ideas and ideals and who evince a strong liking for American methods and materials. They solicit American help and are prepared to cooperate—not in the Japanese sense of the term, but in its ordinary signification—with the Americans in the material transformation of their fatherland. Being so well equipped for the task, there is no reason why the United States should not operate independently in China, rather than go into partnership with a nation whose projects bristle with sinister designs. There is nothing that tends to impair the popularity and prestige of the United States in China more

than for the Chinese to see American capitalists joining hands with the Japanese for the exploitation of China.

Baron Shibusawa preached the "cooperation" doctrine in the United States for two months; and upon his return to Japan he declared that his mission had been crowned with success and that American business men had promised to cooperate through the Japanese in China. This news was broadly circulated in the Far East by the Japanese publicity agencies and the Chinese received it as a shock. But upon careful inquiry in Wall Street it was discovered that the leading American financiers had made no such promise and that they would not be parties to any scheme which violates the integrity of China and denies to the Chinese people the right to participate in the development of their own country.

The Shibusawa plan of "cooperation" having fallen flat, the Japanese then sent the Megata Mission in the fall of 1917. This was a special finance commission headed by Baron Tanetaro Megata and its main object was to advocate another kind of American-Japanese cooperation in "the peaceful exploitation of China." Instead of "we have the brains, you have the money; let's work together," the new proposal was put on a fifty-fifty basis. The capital was to be equally contributed by the two countries and the representation on the board of directors and on the staff of officers was to be enjoyed in a similar manner. It is to be noticed that here again the Chinese were ignored. In modifying the old plan, so as to make it more attractive, Japan was, of course, influenced by the idea that any part of a loaf is preferable to no bread; a little control is better than no control at all. Fortunately, however, the scheme did not encounter any better fate than its predecessor.

In view of the failure of the Japanese "cooperation" doctrine to materialize, it is interesting to record that early

in 1918 there was organized in China, the China Electric Company, Ltd., a combination of American, Japanese, and Chinese capital. The new cooperative venture is capitalized at \$1,000,000 United States currency, half of which will be supplied by the Chinese Ministry of Communications, with the rest equally divided between the Western Electric Company of America and the Nippon Electric Company of Japan—an American-Japanese cooperative concern. This is the first experiment in Chinese-American-Japanese cooperation in China, and its outcome is awaited with great interest. The organization rests essentially on the idea of assisting the Chinese to develop their own country on a basis of common understanding and mutual benefit. This is the only proper and just basis for cooperation in China and, for that matter, in any country. If Japan sincerely agrees to enter China on such a principle, not only the Chinese but the Americans also will welcome her cooperation. Nobody wants to deny to the Japanese their right to reap a fair return from the material transformation of China, if they observe the ordinary rules of the game.

In the Hay Doctrine of 1899, the Franco-Japanese Agreement of June, 1907, the Russo-Japanese Convention of July, 1907, the Root-Takahira Agreement of November, 1908, and the renewed Anglo-Japanese Alliance of July, 1911, Japan has solemnly pledged herself to respect the territorial integrity and independence of China and to adhere to the oft-mentioned open-door policy in the Far East. But by her various aggressions in China during recent years she has sounded the death-knell to all these promises, and has obtained for herself in the great Oriental Republic a position of political and commercial superiority. And since 1915 she has been preaching vigorously to the world in general, and to the United States in particular, that her

superior position be acknowledged. Thus far, however, her preaching has fallen upon deaf ears, for no nation has, as yet, publicly recognized her self-proclaimed status in China. On May 16, 1915, a week after the conclusion of the negotiations between China and Japan, the Government of the United States cabled identical notes to the Chinese and Japanese Governments. The one to Peking reads as follows:

In view of the circumstances of the negotiations which have taken place and which are now pending between the Government of China and the Government of Japan and of the agreements which have been reached as a result thereof, the Government of the United States has the honor to notify the Government of the Chinese Republic that it cannot recognize any agreement or undertaking which has been entered into or which may be entered into between the Governments of China and Japan impairing the treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China, or the international policy relative to China commonly known as the Open-Door policy.

Again, on June 5, 1917, when the United States despatched a friendly note directly to the Chinese Government, advising China against becoming involved in civil strife, the Washington authorities apparently entertained no idea that there was such a thing as Japanese supervision over Chinese affairs. It is true that by the Lansing-Ishii Agreement of November 2, 1917, which will soon be discussed, the United States recognizes Japan's "special interests" in China on account of territorial propinquity, which is saying a great deal. But this does not mean that the superior position as claimed by the Japanese is conceded by the American Government, for the guiding principle of that Agreement is the preservation of the independence and territorial integrity of China and the maintenance of the

open-door policy in that country—things which are diametrically opposed to the Japanese claims in China.

Of the other nations interested in the situation in China, none has bound itself openly, all of them being busily occupied in the life-and-death struggle in Europe. Even the Chinese Government issued a *communiqué* to the world immediately after the close of the negotiations, stating in no unmistakable terms that the "agreement" was wrested from her by force, and that she entertains no idea of impairing the rights of the other powers under the existing treaties. In conclusion the *communiqué* says:

It is plain that the Chinese Government proceeded to the fullest extent of possible concession in view of the strong national sentiment manifested by the people throughout the whole period of negotiations. All that the Chinese Government strove to maintain was China's plenary sovereignty, the treaty rights of foreign Powers in China and the principle of equal opportunity. . . .

In considering the nature of the course they should take with reference to the Ultimatum the Chinese Government was influenced by a desire to preserve the Chinese people, as well as the large number of foreign residents in China, from unnecessary suffering and also to prevent the interests of friendly Powers from being imperilled. For these reasons the Chinese Government were constrained to comply in full with the terms of the Ultimatum, and in complying the Chinese Government disclaim any desire to associate themselves with any revision, which may thus be effected, of the various conventions and agreements concluded between other Powers in respect of the maintenance of China's territorial independence and integrity, the preservation of the *status quo*, and the principle of equal opportunity for the commerce and industry of all nations in China.<sup>1</sup>

Thus it will be observed that the issue created by Japan

<sup>1</sup> *The Chino-Japanese Negotiations*, p. 18.

as a result of her aggressions in China is still unsettled. But sooner or later it must be faced by the other powers having interests in the Far Eastern Question. Whether or not the Allied nations will disregard their promises given in the five international pacts just mentioned and accept Japan's unprovoked encroachments in China as *faits accomplis* so as to pay her for her "assistance" against Germany in the Orient remains to be seen. Suffice it to say, however, that it would be easy for them to repay Japan, if there is anything to repay, at the expense of China. The powers which guaranteed the territorial integrity and political autonomy of Korea did not find it difficult to ignore their pledges and permit Japan to absorb the Hermit Kingdom at the expense of the Koreans. But the outcome of the annexation of Korea is before their eyes and similar results will surely follow acquiescence in the Japanese domination of China.

It is customary for statesmen and publicists of Japan to assert that what they are seeking is commercial expansion only. Nevertheless, nations, like individuals, show their true colors by what they do rather than by what they say. And Japan's actions in China prove conclusively that her aims transcend the domain of legitimate commerce and industry and reach into the tempting realm of the attainment of military power — of men, money, and materials — the wherewithal for satisfying the Kaiser-like desires of Japan. There is no such thing as the "yellow peril" in China. It is generally conceded that the Chinese are the most unmilitaristic and peace-loving people on earth. They do not wish to expand aggressively beyond the confines of their own territory, and, different from the Japanese, they are fired by no lust for the conquest and domination of foreign lands. All that they want and ask for is the unfettered development of their own country, a liberty which the powers have assumed for themselves as a matter of course. Grant that



and we will doubtless see the rise of a strong and progressive China, working for the peace of the Far East, and hence of the world. However, the pacific attitude of the Chinese people may change if the Western powers choose to overlook the Japanese menace in China. Thus writes an Englishman in close touch with the affairs in the Far East:

Under certain conditions this ("yellow peril") may well occur. Those conditions are the continuation of the tacit acquiescence by Great Britain, and the active support by Russia and France of Japan's aggressive policy towards China. In that event the Chinese may be expected to reverse their attitude, and join the Japanese in an exclusion policy, directed against the whites, and eventually developing into a race war. No one, looking back over Europe's cynical disregard of her pledges and promises, could blame China for such a course.<sup>1</sup>

Although Japan's self-proclaimed supremacy in the Chinese Republic is still unrecognized, nevertheless her position in that country has been strengthened, in the first place, by a convention between Japan and Russia promulgated in July, 1916, providing for the mutual respect of the territorial rights and special privileges of the two powers in the Far East. Secondly, it was enforced by the well-known Chengchiatun dispute, which took place in Manchuria in August, 1916. The incident was brought about by a brawl between a Chinese soldier and a Japanese civilian, who was beating a Chinese boy for refusing to sell him fish. Finally it led to a clash of arms between Chinese and Japanese troops, the former being deliberately assaulted by the latter. That Japan was the guilty party no impartial observer can deny, but China, being the weaker power, was made to bear the entire blame. Like the war-lords of Germany, the Japanese Military Party saw in the affair a chance to realize their wish, which was, and still is, to make South

<sup>1</sup> A. M. Pooley, *Japan at the Cross Roads* (London, 1917), p. 18.

Manchuria and Inner Mongolia into a strong *enclave* of Japan. Accordingly, the Tokio Government presented claims for the extension of her control over that district, and after some modifications they were accepted by China.

And lastly, it was further strengthened by the Lansing-Ishii Agreement<sup>1</sup> concluded between the United States and Japan on November 2, 1917, on the policy of the two countries with regard to China. By it the two Governments "recognize that territorial propinquity creates special relations between countries, and, consequently," the United States "recognizes that Japan has special interests in China, particularly in the part to which her possessions are contiguous." "The territorial sovereignty of China, nevertheless, remains unimpaired," and the American Government declared that it "has every confidence in the repeated assurances" of the Japanese Government that, "while geographical position gives Japan such special interests, they have no desire to discriminate against the trade of other nations or to disregard the commercial rights heretofore granted by China in treaties with other powers." The two countries "deny that they have any purpose to infringe in any way the independence or territorial integrity of China," and declare furthermore, "that they always adhere to the principle of the so-called 'open door,' or equal opportunity for commerce and industry in China." "Moreover, they mutually declare that they are opposed to the acquisition by any government of any special rights or privileges that would affect the independence or territorial integrity of China, or that would deny to the subjects or citizens of any country the full enjoyment of equal opportunity in the commerce and industry of China."

<sup>1</sup>This was effected by an exchange of identical notes between Mr. Lansing, Secretary of State, and Viscount Ishii, head of the Japanese special mission to the United States. For the text of the Agreement cf. *The New York Times Current History* (European War), vol. vii, pt. i, p. 548.

With a fresh memory of the Japanese annexation of Korea, and more particularly of the Japanese attempt to reduce China to a state of vassalage by the twenty-one demands in 1915, the Chinese Government knew what reliance might be placed on the august declarations and promises of Japan. They looked upon the new "understanding" with fear, seeing that it was nothing but a convenient cloak for the aggressive designs of Japan, and like the Hay Agreement and the Root-Takahira Note, it would be turned into a "scrap of paper"—perhaps in a peaceful and more subtle way than that of Germany—when the occasion presented itself. To the Chinese the recognition by the United States of Japan's "special interests" in China meant the supplying of Japanese imperialism with an additional coffin-nail for Chinese sovereignty. It would give the Japanese statesmen excuses for all sorts of interference in both the foreign and the domestic affairs of the continental Republic. "Special interests" is a vague diplomatic phrase and China's past experience shows that it may be indefinitely construed to the detriment of her national development. Accordingly, the Peking Government, upon being officially notified of the Agreement by Japan, filed at Washington and Tokio a declaration stating that China, in her relations with friendly nations, had always followed the principles of justice and equality. That she had consistently respected their treaty rights, and would continue to do so, but that she could not recognize any claim for special interests expressed in treaties and agreements to which she was not a party.

It is to be understood that in criticizing, as we do, the Japanese policy in the Far East we intend no unfriendliness, we cherish no vindictive feelings. It is simply a question of facing facts; they are unpleasant, but they are, nevertheless, facts. Nobody wants to deny to progressive Japan what she rightly deserves, but neither does anybody

want to allow militant Japan to pursue a course of action which is altogether out of harmony with modern conceptions of world progress, and which infringes glaringly upon the inviolable rights of other nations, thereby giving birth to international intrigue, hatred, and conflict, the disastrous consequences of which we have just witnessed in Europe. Japan must not mistake the age. She must know that the world has attained that stage of civilization in which it will not tolerate the bullying and browbeating of a peaceful and inoffensive people, much less the control of them, by no higher right than force of arms. She must know that to-day the spirit of democracy is sweeping through the world, and men everywhere are vindicating the principle of self-determination — the right of every nation, be it great or small, strong or weak, to work out its own destiny and national development in full liberty. She must also know that the nation which she is attempting to put under her suzerainty is a republic, earnestly and courageously fighting for popular self-government, while she herself is still an autocracy, making little progress in political thought beyond the obsolete ideas of the eighteenth century; and, furthermore, that that nation has a civilization dating back to the remotest ages, a civilization from which she has derived her ethics, art, manners, literature and religion. The world is being made safe for democracy, and Japan, if she wants to be safe in the world, must move in accord with the universal democratic spirit and not persist in chasing after the *ignis fatuus* of dominating other peoples by force of might, with the inevitable result of falling into the bottomless chasm of disgrace and ignominy. Remember the words of James Russell Lowell:

Once to every man and nation comes the moment to decide  
In the strife of Truth with Falsehood, for the good or evil side

A further outrage upon Chinese sovereignty during recent years is the Laohsikai incident which occurred at Tientsin in November, 1916. This was committed by France in connection with the extension of her Tientsin concession. The extension was promised by the Chinese Government and was to be carried out as soon as local opposition to the transfer had subsided. But the arrangement was considered unsatisfactory by the French Consul General at Tientsin, who then delivered to the Chinese local authorities an ultimatum, demanding the evacuation of Chinese police in the territory concerned within twenty-four hours. No reply was returned at the expiration of the time-limit, and the coveted piece of land was forcibly occupied by a detachment of French soldiers. Thus another case of lawlessness was added to China's large dossier of grievances against foreign powers. And the significant part of it is that it was perpetrated by a sister Republic in a way which she herself has repeatedly condemned, and for the abandonment of which she has fought so nobly and valiantly. The effect of the whole procedure was further to alienate Chinese sympathy from the Allies in the Great War and to arouse a keen hostility against France throughout North China.

Speaking of China's attitude in the European struggle, we may mention that, although neutral, it was inclined towards Germany during the first part of the conflict. In some measure this was due to the extensive German propaganda in China. But the Chinese sentiment was only natural in view of the fact that at the beginning of the War their political entity, the open-door policy, and the general peace of Eastern Asia were greatly endangered by two of the Entente powers — Japan and Russia — which had, for some time, been cooperating in the attainment of their imperialistic aims at the expense of China's sovereignty. The

menace of the two predatory neighbors was emphasized in the first two years of the War by Japan's capture of Kiaochow and her attempt to convert China into a vassal state by means of the infamous twenty-one demands and the extortions on account of the little fracas at Chengchiatun, by the Russo-Japanese activities in Manchuria and Mongolia, and by their agreement for renewed mutual support in the Far East in 1916.

Gradually, however, China felt that a policy of passive neutrality was impracticable and that something must be done in a universal conflict which involved her fate and the solution of the Far Eastern Question. She began to see that the cause for which the Entente Allies were fighting was also her cause, namely, the fight for democracy. She realized that if the German militarism was stamped out, its offspring, the Japanese militarism, which was under *camouflage*, would be effectively curbed, if not suffered to die a natural death, thereby getting rid of the greatest foe to Chinese independence and democracy. Slowly the change of attitude developed, and when on February 4, 1917, the United States notified the Chinese Government of its break with Germany owing to the threatened unrestricted submarine warfare and invited the latter to take similar action, Peking responded by protesting to Berlin on February 9 against the new measures of blockade,<sup>1</sup> saying that if the protest proved ineffectual diplomatic relations would be broken off. Germany's reply was received on March 10, and since it was found evasive, the Chinese Foreign Office handed the Kaiser's minister his passports on March 14.

Having severed relations, China contemplated her entry into the world struggle, and after some factional polit-

<sup>1</sup> The ruthless German submarine policy had caused the loss of many Chinese laborers proceeding to France on board the French mail-steamer *Athos* and other vessels.

ical disputes on the question, she formally declared war on Germany and Austria on August 14, 1917. It is worthy of record that immediately after China's rupture with Germany we witnessed the success of the Russian Revolution—an event which seemed to have brightened somewhat the complexion of the affairs in the Far East. The democratization of Russia offered great possibilities for China. Since the new Muscovite Republic declared that it would continue to fight not for conquest but for liberty, there was presented the hope that if democratic Russia would not restore to China what autocratic Russia had wrested from her, it would at least stop making further encroachments upon the sovereignty and development of the sister democracy.

The entrance of China into the War is an event the significance of which must not be overlooked. The Entente Allies were solicitous that China should join them, not so much to participate in the actual fighting but rather to furnish the auxiliary war-aid—the reserve of men and raw materials, chiefly basic metals for the making of munitions. Already the Entente man-power had been augmented by the effective contribution of about 100,000 laborers, and with China in the War on the side of the Allies the number might be greatly multiplied.<sup>1</sup> Nevertheless, the momentous decision was made by China on her own initiative. There had been no bargaining with the Entente powers, nothing save a general understanding contained in the memorandum of their ministers, dated February 28, 1917, to the effect that the Allies were prepared to consider favorably the questions of the much-needed revision of the tariff and the suspension

<sup>1</sup> By the beginning of October, 1918, the number of Chinese laborers engaged in the prosecution of the War at the various fronts was authoritatively stated to have been more than 200,000.

of the Boxer indemnity payments for a term of years.<sup>1</sup> She voluntarily entered the conflict as "a nation standing for peace, for the sake of justice and humanity," and not with a view to obtaining any material advantages.

This entry into the War is one of the most impressive events in recent history, ushering, as it did, a new era into the international relations of China. For the first time Chinese diplomacy assumed something of a universal character and the tottering wall of Chinese seclusion was razed to the ground forever in the defence against a common foe of humanity—the dark atavisms of the Potsdam tyranny. By protesting with unassailable justice and due dignity against Germany's ruthless submarine war, and, when that proved unavailing, by promptly and firmly breaking off diplomatic relations with Berlin, and then, finally, by spontaneously declaring war "against the aggressive policy of the Central Powers," China proclaimed a definite and masculine foreign policy and created in her favor a *volte face* in *Weltpolitik*. People in America and in Europe began to realize that after all China was not so decrepit as she had been supposed to be, and that in spite of its many defects the Celestial Republic really stood for something highly promising; that underneath the seemingly hopeless situation there was to be discerned a spirit of progress, a wholesome desire to improve her world position by maintaining the sanctity of international law on which national independence is based. The whole procedure is undoubtedly a master stroke of Chinese diplomacy. By it China declared independence in her foreign affairs and censured the subtle attempts of her self-

<sup>1</sup> In November, 1917, as an appreciation of China's joining in the War against the Teutonic powers, the Entente Governments notified her that they had consented to the revision of the import tariff to an effective 5 per cent, and also to the deferring of the payment of the Boxer indemnity (in the case of Russia to the amount of  $\frac{1}{3}$  only) for a period of five years, beginning from December, 1917.



appointed mentor, Japan, to put her beyond the pale of international law. War against Germany confers upon China an equal rank with the great powers and obtains for her a seat at the peace conference, with the inestimable advantage of voicing her interests in all problems which have to do with the shaping or re-shaping of the politico-economic relationships between the Republic and the world, and the unravelling of the complications in Eastern Asia. Already each of the Allied governments, in its reply to China's announcement of her declaration of war against the Teutonic powers, has assured her of its solidarity, friendship, and support, and that it "will do all that may be required from it in order that China may enjoy in her international relations the position and the regard due to a great country." May we therefore look forward to better days? Or, are the declarations of the Entente powers on the principles of justice and self-determination going to turn out a mere barren form of words after all?

## CHAPTER VI

### THE DEVELOPMENT OF THE FOREIGN TRADE <sup>1</sup>

Having given an historical account of the international relations of China, more particularly the commercial relations, from the earliest period to the present time, we shall now turn to an analytic study of the development of the trade. The progress of trade during ancient and mediæval times is still buried in the mist of obscurity, and very little is known regarding the foreign trade of China as it was developed by the Europeans from the beginning of the sixteenth to the beginning of the nineteenth century. Some of the details that are available have been included in the first four chapters and it is unnecessary for us to repeat them here. A few general remarks about the early trade may, however, be permitted.

The discovery in 1498 of an all-water route from Europe to Eastern Asia *via* the Cape of Good Hope by Vasco da Gama led to the arrival in China of increasing numbers of European adventurers in the opening of the sixteenth century. Thenceforth, sporadic attempts were made to trade with the Chinese, and toward the latter part of the seventeenth century a rather brisk exchange was carried on between China and the West. The composition of the traffic at the commencement of the eighteenth century was described by Herman Moll, the geographer, thus :

<sup>1</sup> In this monograph the abbreviations, "T" and "pls." stand respectively for taels (or tael) and piculs. See note in appendix i.

Our merchants bring from thence (*i. e.*, China) tea, quick-silver, vermilion, China root, rhubarb, musk, raw and wrought silks, damasks, sattins, taffeta's, velvets, palampores, *etc.*, copper, allum, camphire, sugar and sugar-candy, fans, pictures, lacquer'd ware, porcellane, clock-work, toys, several sorts of drugs, silver and gold; thò the latter is to be had only under-hand of the mandarins, the exportation of it being prohibited by the Chinese laws.

The goods usually imported from Europe are bullion, cloths, clothrash, perpetuana's, camlets of scarlet, black, blue, sad, and, violet colours; lead, which is the best ready money commodity: and a private trader may carry coral in branches, clear amber-heads, thin flint-ware, ordinary horse pistols with gilt barrels, sword-blades of 14s. a dozen, spectacles in horn of about half a crown a dozen, telescopes, perspectives, magnifying-glasses, looking-glasses, and large glass-bowls; with clocks and watches of the newest fashion, which, if he can get ashore without paying the duties, turns to better account than trading with ready money.<sup>1</sup>

The conditions existing at the close of the eighteenth century were described by M. Sonnerat, who visited China in 1779, in the following words:

On a long-tems disputé pour savoir si le commerce de la Chine étoit avantageux aux cinq nations européennes qui y portent leur argent; il est sûr que tout commerce où on échange de l'or et de l'argent contres des marchandises, est onéreux pour un état; si elles n'y alloient pas, les dames n'en porteroient pas moins des gazes et des blondes; nos manufactures de porcelaine et de belles poteries auroient plus d'activité; nos plantes aromatiques suppléeroient au thé; nous avons vu les Chinois eux-mêmes lui préférer notre sauge.

Le commerce des Européens en Chine peut monter pendant la paix de vingt-quatre à vingt-six millions. Les

<sup>1</sup> Herman Moll, *Atlas Geographus: or, a compleat System of Geography, Ancient and Modern* (London, 1712), vol. iii (Asia), pp. 765-766.

François y envoient deux vaisseaux et y portent deux à trois millions; la Compagnie angloise y envoie quatre, six, et quelquefois huit vaisseaux, sans compter quinze à vingt vaisseaux de côte. La Compagnie y porte quatre millions en argent, et trois millions en drap; les négocians anglois de Bengale, Madras, Surate, Bombaye et Cambaye, y portent deux millions en argent, et deux millions en coton, calin, opium et rotin; les Hollandois y ont toutes les années quatre vaisseaux, ils y portent quatre millions en argent, et deux millions en productions de leurs colonies; les Suédois ainsi que les Danois, n'y envoient que deux vaisseaux, et y portent chacun deux millions; le roi de Prusse y envoyoit autrefois un vaisseau, mais depuis long-tems on n'y voit plus son pavillon; les Espagnols de Manille, et quelques Portugais de Goa vont aussi en Chine, mais ils n'y achètent que le rebut des autre nations: leur commerce est peu de chose, et ne monte pas à plus d'un million.

Les nations européennes retirent de la Chine des thés connus sous les noms de thé bouy, thé vert et saothon. . . .

On rapporte aussi de la Chine de la grosse porcelaine, des soies écruës, de la rhubarbe, du camphre, du borax, du rotin que les vaisseaux marchands apportent de Malacca, de la gomme lacque, des nanquins, des pékins, et quelques autre étoffes de soie; on rapportoit autrefois de l'or, sur lequel on gagnoit vingt-cinq pour cent; aujourd'hui on gagne dix-huit et vingt sur celui que l'on y porte de l'Inde. Les différentes révolutions, les guerres de leur voisins leur on fait préférer ce métal précieux qui facilite l'exportation de leur fortune en tous lieux.<sup>1</sup>

As regards the beginning of the nineteenth century, Sir George Thomas Staunton, writing in 1813, had the following to say in his interesting paper on the Chinese trade question, which was then under discussion before the British Parliament:

The leading articles amongst our manufactures and produc-

<sup>1</sup> M. Sonnerat, *Voyage aux Indes orientales et à la Chine, fait par ordre du Roi depuis 1774 jusqu'en 1781* (Paris, 1782), tome ii, pp. 16-17.

tions, which we have already succeeded in introducing into China, are our woollens and our metals. The latter have found, hitherto, but little sale, otherwise than in their raw and unmanufactured state. . . .

In a country in which the people have been so long accustomed to rely for all the necessities, and even conveniences of life, upon its internal resources, . . . there was surely little reason to hope, that had things been left to take their natural course, our manufactures and productions could have ever obtained anything like an extensive or general consumption.

The Company (*i. e.*, the East India Company), nevertheless, now sell in China, annually, not less than about one million sterling in value of British woollens alone. To this height they have succeeded in carrying the trade, by previously submitting, from year to year, to very considerable losses; and by regularly binding the Chinese merchants, in their annual contracts, to receive these goods in part payment for their teas, and upon terms which, low as they were, in comparison with those upon which the woollens had been originally purchased in England, were still, almost always, considerably higher than could have been warranted or expected, upon the mere consideration of the then state of the demand in China.

Thus the sacrifices made by the Company, with the view of reducing our British prices more nearly to the level of the Chinese market, and the exertions to which the Chinese merchants have been at the same time stimulated, in order to effect, without actual loss, the disposal of a stock constantly imposed on them in superabundance, have gradually conspired to effect the dispersion of our manufactures, to a great extent, over the country, in spite of every kind of predilection and prejudice.

The taste for British goods has been introduced, and seems now pretty well established. 'The superior quality of our cloths seems to be very generally felt and acknowledged; but what has, perhaps, most of all contributed to their present favorable reception throughout the interior of China, is the uncommon care and attention bestowed by the Company in preventing the introduction of anything like deception or suspicious unequal-

ity into the packages of goods issued from their warehouses. In this respect, the Company have been successful in commanding the admiration and confidence of the Chinese, in a degree that has probably no parallel. . . . There is no doubt that, under the present circumstances, the trade in British woollens is at length becoming a gainful one to all parties. The Company are, on the one hand, in a fair way to reap some portion of the benefits of its sacrifices and its exertions, while, on the other hand, the remaining and most important portion of these benefits, namely, the increased and still increasing vent for British produce, necessarily fall to our manufacturers and to the nation at large.

Another, and still more important view, in which the trade to China is to be considered, is the supply which it affords us, and is alone capable of affording, of an article in such general use, as to be nearly equivalent to a necessary of life. The consumption of tea in the British dominions is now estimated at twenty-five millions of pounds weight, upon an average, per annum; and it will scarcely be doubted by any who consider the nature and the universality of the consumption of this article, even amongst the lowest classes in this country, that any material reduction in the quantity, or deterioration of the quality, would be productive of very considerable distress and inconvenience. It is impossible not to foresee, that so general a privation, so material a diminution of the daily and domestic comforts of the poor, as must ensue, in a proportionate degree, from the total, or the partial failure in the supply of tea, would, wherever the evil extended, be calculated to excite new discontents, as well as to embitter those which the unavoidable pressure of the war might already have occasioned. The national interests would, moreover, it is obvious, suffer no less in another way, by the consequent defalcation in the public revenue, of which the portion derived from this source now amounts to about four millions sterling: and, lastly, by the corresponding diminution, at the same time, of the fair profits of the East India Company, that is to say, in fact, the profits, directly or indirectly, of a very large portion indeed of the British community.

From these evils the nation is secured, as far as human prudence and foresight can be supposed capable of securing it, by the operation of the chartered privileges of the East India Company.<sup>1</sup>

While referring to the position of the trade before the conventional period which began in 1842, H. B. Morse, sometime Commissioner of Customs and Statistical Secretary of the Inspectorate General of Customs, China, writes:

The component elements of the old trade are not well known, and will some day be elucidated by a study of the East India Company's archives for the period. All that is known is that China wanted very little that the West could supply. Cotton manufactures in 1905 constituted 44 per cent of the value (excluding opium) of all foreign imports; but in this industry the West could compete with cheap Asiatic labour only after the development springing from the inventions of Richard Arkwright and Eli Whitney, and in the eighteenth and early nineteenth centuries the movement of cotton cloth was from China to the West, in the shape of nankeens to provide small-clothes for our grandfathers. Woollens were wanted, but only in small quantities, the Chinese preferring their own silks, and even now the import of woollens does not exceed 1 per cent of the total import trade. Quicksilver and lead were wanted, but in no great quantities; and the goods introduced consisted to a great extent of those articles which were objects of curiosity to the Chinese, corresponding to the lacquered boxes and carved ivories, the painted fans and quaint Buddhas, which went to the West in exchange. Apart from opium, . . . and raw cotton, imported into a cotton-producing country, the trade was on a cash basis. It was before the day of extended bank facilities, by which an excess of exports from one country is paid for by the imports into another country, and at Canton there were no banks, each factory and each merchant having a treasury which must always be kept stocked with specie, an indi-

<sup>1</sup> Staunton, *Notices relating to China*, pp. 163-168.

vidual factory having frequently over a million dollars on hand; only the East India Company worked its India and its China trade one into the other, and drew or gave bills on Bombay or Calcutta, receiving or shipping treasure only when funds were not sufficient to cover its bills. To some extent the Dutch India Company could do the same, but generally the movement of merchandise from the Dutch Indies was outward, as it was from China. This course was not open to others, and the lading of a ship of 498 tons which left New York for Canton in 1824 may probably be taken as more or less typical; it consisted of furs (coal to Newcastle!), bar and scrap iron (probably as ballast), lead (required for packing tea, but also mined in China), quicksilver (in demand, import 779,600 lbs. in 1868 and 156,000 lbs. in 1905), and 350,000 Spanish dollars in kegs. That veracious historian, J. Fenimore Cooper (*The Crater*), writing in 1847 of a trade of which he had some knowledge, describes two voyages of the good ship *Rancocus* in 1796 and 1798. In the first she sailed from Philadelphia to Europe, and there engaged in trade, profitable to neutrals, "until a certain sum in Spanish dollars (specie was scarce in America at that time) could be collected, when she was to . . . make the best of her way to Canton," and load tea. In the second she sailed for the South Pacific islands with "trade goods" and axes to pick up a cargo of sandalwood (with some misgivings in the minds of her owners as to its employment for idolatrous purposes), and, after an interrupted voyage, arrived in Canton, sold her sandalwood at good prices, bought tea, and had some thousands of dollars surplus, also spent in Canton, but for another purpose. In the year 1831, so Hunter (*Fan-kwae*, p. 55) informs us, three ships, arriving from New York, brought with them \$1,100,000 in coin. Even as late as 1859, a year in which the imports and exports of merchandise at Shanghai about balanced, the import of treasure at that port through foreign channels was T 10,483,550 and the export T 4,246,067; and in 1860, with exports exceeding imports in value, the movement of treasure at Shanghai was T 15,201,277 inwards and T 1,742,510 outwards. After that date banking facilities



were more fully developed in the East, and in 1905 was seen the spectacle of a Chinese import trade (T 447,000,000) valued at nearly double the value of the export trade (T 228,000,000) and financed with only a comparatively trifling movement of treasure, about ten million taels on balance for the year, and that inwards, in the same direction as the merchandise. The truth is that China has for centuries levied tribute, commercially, on the outside world.<sup>1</sup>

To generalize the foregoing extracts with certain additions, we may say that at the opening of the eighteenth century China, as a market for European manufactures, was practically non-existent, and even up to the middle of the last century she was strictly limited as such. The Chinese Empire was then a self-sufficing community, having a vast domestic industry of its own with which to supply the necessaries and even the conveniences of life of the people. The West could send her very little that she would buy. As a matter of fact, foreign imports were usually sold at a loss. In the season of 1804-1805, for example, the East India Company imported into China British goods to the value of T 4,249,691, or £1,416,562, and incurred a loss of T 448,958, or £139,652 on them.<sup>2</sup> This loss in the import trade was invariably covered by the handsome profits derived from the sale of tea and a comparatively small quantity of silk and other Chinese products in the West. From 1815 onward the annual profits of the East India Company averaged more than a million sterling, but this was contributed almost entirely by the import of Chinese goods

<sup>1</sup> H. B. Morse, *The Trade and Administration of China* (London, 1913), pp. 289-291. For further details about the trade at the commencement of the nineteenth century cf. William Milburn, *Oriental Commerce* (London, 1813), vol. ii, ch xxviii; John Phipps, *A Practical Treatise on the China and Eastern Trade* (Calcutta, 1836).

<sup>2</sup> S. R. Wagel, *Finance in China*, p. 96.

into England, the export of British manufactures into China being unprofitable during the whole period, 1793-1834. "Without the profits on Chinese produce," writes Sargent, "the China trade could hardly have continued, and the general financial position of the Company would have been seriously impaired, even if it had escaped that collapse prophesied by the supporters of the monopoly."<sup>1</sup>

But beginning with the nineteenth century China imported increasing quantities of raw cotton, and opium (especially after 1820) from India, and the ordinary tropical products, such as drugs and spices, which were picked up by European ships *en route* to Canton. The exports from China consisted, as we have just mentioned, almost wholly of tea, with a little silk and other Chinese products; and up to 1830 they were paid for mainly by the import of a large amount of specie. From 1831 onward, however, owing to the alarming increase of the opium traffic, the balance of the trade was against China, and the direction of the barren flow of silver was reversed.

By far the greater part of this trade was in the hands of the British, with the Americans occupying the second position, while the traffic carried on by the other Europeans was unimportant. In 1827-1828, for example, the British trade at Canton was valued at \$39,286,532,<sup>2</sup> of which \$20,-364,600 was in imports and \$18,921,932 in exports. Of the former over eleven millions consisted of opium, while of the latter more than six millions was in the form of silver dollars, sycee, *etc.* This means that because of the British opium traffic China had to settle a big balance in

<sup>1</sup> Sargent, *Anglo-Chinese Commerce and Diplomacy*, p. 52.

<sup>2</sup> The dollar mentioned in the early days was always the Spanish (Carolus) dollar, having an intrinsic value of  $\frac{4}{2}$ , and an exchange value in China of  $\frac{4}{6}$  or more. At this time it was equivalent to about  $\frac{4}{7}$ .

treasure, and when we consider the liability sustained on account of the opium smuggled into China by foreigners other than the English,<sup>1</sup> the balance is further increased. During the same year the American share of the Canton trade amounted to \$12,500,000, which was evenly distributed between imports and exports; but about half of the former was in silver dollars.<sup>2</sup>

What has just been said applies essentially to the years immediately before and right after the beginning of the conventional régime. The conditions existing at the time of the Treaty of Nanking, 1842, are revealed in a fairly good estimate prepared by the British in connection with the settlement of the commercial clauses of that agreement. The total foreign trade of China was then valued at \$50,000,000, or £11,250,000, with the dollar reckoned at 4/6. The legal imports, such as raw cotton, cotton goods and yarn, woolen goods, and metals, were put at \$11,200,000; while opium, which was a contraband, was given a sum of \$13,800,000. The merchandise exports had a value<sup>3</sup> nearly equal to that of the illicit opium and were made up almost exclusively of tea and silk. Hence China was compelled to liquidate in silver a heavy liability of over \$11,000,000.<sup>3</sup> The point to notice here is that the absorption of a large amount of treasure by the opium imports from India had greatly reduced the purchasing power of the Chinese people for European goods, more particularly British manufactures, with which the English were unsuccessfully trying to inundate the Chinese market. Both British merchants and diplomats seem to have failed adequately to recognize the fact that China's buying power in goods was then strictly

<sup>1</sup> Of the other foreigners the Portuguese alone accounted for \$2,700,000 in 1827-1828.

<sup>2</sup> Sargent, *op. cit.*, pp. 55-56.

<sup>3</sup> *Ibid.*, pp. 128-129.

confined to tea and silk, and that as the traffic in these commodities in the West could not be very much increased, every rise in the import of opium tended to bring about a corresponding fall in the consumption of English manufactures in China. Had they realized this they would probably not have indulged in the folly of arduously attempting to induce the Chinese to purchase a larger quantity of British produce, while at the same time obstinately refusing to give up the illegal opium traffic.

By the Treaty of Nanking the five ports of Canton, Amoy, Foochow, Ningpo, and Shanghai were opened to foreign commerce; and in 1845, according to Consular reports, they had a total trade <sup>1</sup> of \$59,313,629, or £12,357,005, with the dollar converted at 4/2. Out of this amount \$21,116,622, or £4,399,296, was imports and \$38,197,007, or £7,957,709 exports. Canton headed the list by contributing over 14 million dollars to the imports and more than 30½ millions to the exports; Shanghai was second with about 6 millions in imports and about 6½ millions in exports; while Amoy was a poor third, with less than \$708,000 imports and only about \$743,000 exports.

During the next two decades this trade increased both in value and in volume, until in 1864 it attained a total of T 105,300,087, which, at the average rate of exchange in that year, is equivalent to £35,100,029 sterling. Records of the growth of the trade during this period can be obtained, but the figures, like those that preceded them, are incomplete, and are very unreliable, inasmuch as no proper differentiation was observed between internal and external trade. It was not until 1860 that the statistics of the Chinese Maritime Customs made their first appearance, and not until seven years later still that they were given some-

<sup>1</sup> The American and Spanish trade at Amoy is not included, but that was not important.

thing like their present dependable form; so in the following discussion we will take the year 1867 as our starting point.

Considering the number and weight of the trammels <sup>1</sup>

<sup>1</sup> In addition to the onerous treaty restrictions, which we have already pointed out in the last two chapters, but which will be summarized and further discussed in the next, there are several other obstacles. Among these we may mention, first, the lack of an adequate system of transportation and communication. With an estimated area of over 4¼ million square miles and a population of approximately 400 million, China has only 6,467 miles of railways, while the United States, with about two-thirds as large a territory and one-fourth as many people, is equipped with 265,218 miles, or more than forty-one times as many. A large part of the Chinese trade, especially exports, is of such bulky and inexpensive character that its increase is dependent upon the development of an efficient system of transportation. Railway experts have calculated that at least 50,000 more miles of railroads can be built and operated in China with profit in the next few years.

Secondly, China is in need of a system of uniform and stable currency and of adequate banking facilities, both of which are essential to all modern exchanges. The present monetary system is in a state of chaos, with a series of non-related coins in circulation. The country is still on the silver basis, and is thereby exposed to all the disadvantages brought about by the fluctuations in its international exchanges. The currency problem has been grappled with, but so far with little success, owing to a lack of funds. Banks operating along scientific lines are increasing in number, but many more of such institutions are still needed. When the currency and banking reforms are introduced they will help to increase the trade by making possible the extension of credits and the supply of sufficient capital for the industrial development of the country, thereby raising the purchasing power of the Chinese people for foreign manufactures.

In the third place, we have the internal restraints on trade such as the imposition of the *likin* and other dues on goods at the place of production, in transit, and at destination. These taxes prevent the free circulation of commodities and check the progress of trade. The Chinese Government is not indifferent to the situation and is quite aware of the advisability of abolishing these impediments to trade, but, owing to its pressing need of revenue, it has not been able to go very far.

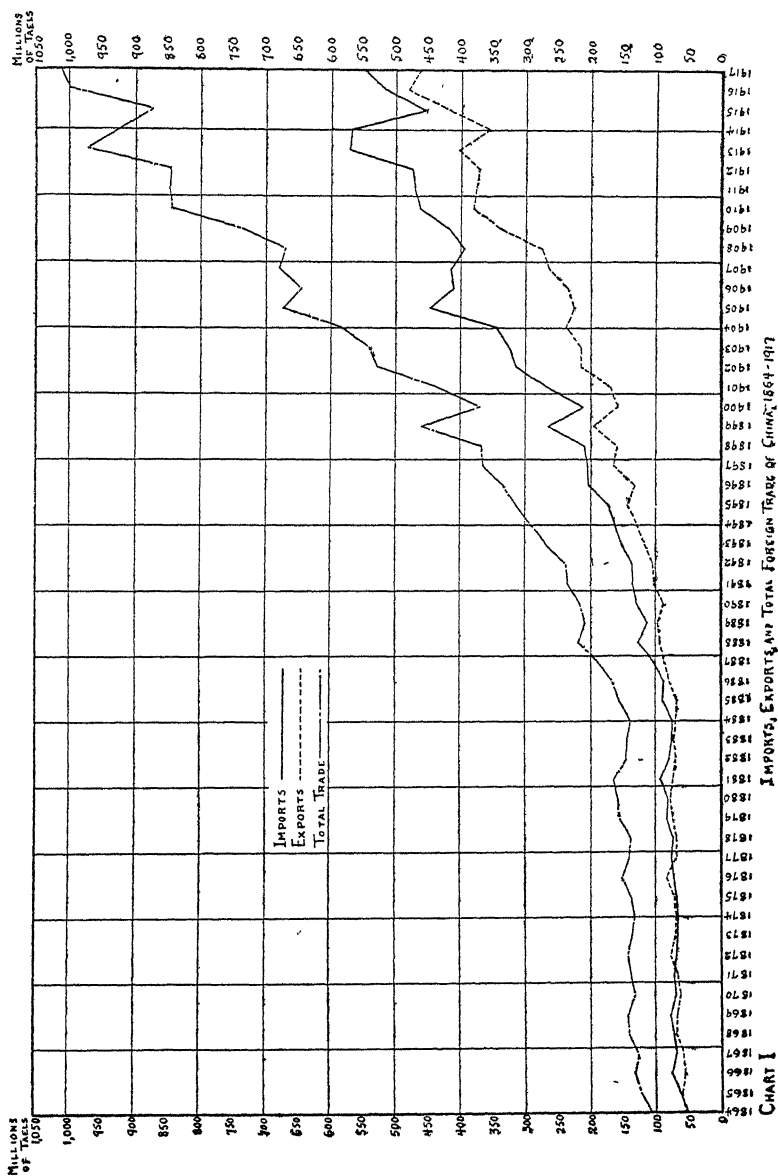
Finally, there is the absence of a strong, centralized government, which would reform not only the transportation and currency systems of the country, but also the mediaeval and deplorable methods of Chinese

with which the economic development of China is shackled, we may state without the least hesitation that the growth of the Chinese trade with the outside world has been remarkable during the last half-century. This progress may be best gauged by a study of the table on the net value of the foreign trade of China.<sup>1</sup> A glance down the columns shows us that in 1867 the value of the direct trade amounted to T 127,225,454, and that since that date this total has undergone a great increase.<sup>2</sup> It was T 140,678,918 in 1877, T 188,123,877 in 1887, and T 336,329,983, or nearly triple the old figure, in 1897. In 1907 the trade advanced to T 680,782,066, being more than fivefold; in 1913, the year before the great War, it reached the sum of T 973,468,103, or over seven and a half times as much; and finally, in 1917, it passed the billion mark at T 1,012,450,404, which is almost eightfold the original total. This figure is the highest on record and exceeds that for 1916 by T 14,246,043.

trade taxation. Such a government would effectively encourage and foster the development of industries and commerce at home, while at the same time attracting capital and technical skill from abroad.

<sup>1</sup> Cf. appendix iii. This does not include the value of the goods carried coastwise. In 1877 the coast trade of China (outwards and inwards) amounted to T 236,564,825. Of this total British vessels accounted for 45.7%; American, 5.8%; German, 4.2%; and Chinese 42.9%. In 1897 the value was T 571,321,520, of which 51.7% was carried by the British; 2.1% by the Germans; and 45.3% by the Chinese. In 1913 the total rose to T 1,117,651,230, of which the British flag shared 42.3%; the Japanese, 16.9%; the German, 6.8%; the Norwegian, 1.4%; and the Chinese, 30.8%. While in 1917 it reached the sum of T 1,231,079,595, which was more than quintuple the value for 1877. Of the 1917 total 37.8% was borne by British ships; 23.9% by Japanese; 1% by American; and 35.9% by Chinese. The two important things to notice in the coast trade of China are that its growth has been in a smaller proportion than that of the foreign commerce of the country, and that of the tonnage engaged in it British vessels have always occupied the first position, with Chinese ships coming closely after them; while Japanese steamers are in the third place with a rapidly increasing share.

<sup>2</sup> See also chart on opposite page.



However, it is to be borne in mind that the Haikwan or Customs tael, in which the values of all imports and exports are stated, is a given weight of silver, and hence fluctuates with the variations in the price of that metal. It is interesting to note that the growth of the trade has been accompanied by a drop in the value of silver. In 1867 the average value of the Haikwan tael in sterling was  $6/3$ ; in 1877 it was  $6/0\frac{1}{4}$ ; in 1887,  $4/10\frac{1}{4}$ ; in 1897,  $2/11\frac{1}{4}$ ; in 1907,  $3/3$ ; and in 1913,  $3/0\frac{1}{4}$ ; while, owing to the European War, it rose to  $4/3\frac{1}{16}$  in 1917.<sup>1</sup> Thus during the period from 1867 to 1913 the value of the Haikwan tael had fallen almost continuously until in 1913 it was less than half what it was in 1867. With the steadily declining value of silver the value of imports would *ipso facto* increase without any increase in quantities. Similarly, this drop in exchange would also exert a great influence on the value of exports. Inasmuch as the price of Chinese produce is, to a very large extent, determined by the price realizable in the world markets, the value of exports is as closely affected by exchange as is the value of imports. A falling exchange, which enhances the value of imports, quantity for quantity, enhances also the value of exports, quantity for quantity. This means that the value of the trade would augment even without taking into account the increase in quantities. That is to say, the progress of the trade which we have just shown is more apparent than real. Nevertheless, if the actual increase of the Chinese trade is not as large as its increase in value, expressed in Haikwan taels, would indicate, we must not lose sight of the further fact that, with the reduction of the cost of production due to the progress in manufacturing methods, the lowering of freight and other charges consequent upon the development in transportation, and the diminution of the

<sup>1</sup> For the variations of the Haikwan tael in sterling from 1864-1917, cf. appendix ii.



merchant's profit brought about by the advance in general competition, the value of many commodities, both of imports and exports, have fallen off considerably since the middle of the last century.

The effect of the European War upon the Chinese foreign trade has been very marked. The War has caused such a dearth of tonnage that although there were willing buyers as well as sellers the goods could not be delivered. And as there was no competition in the carrying trade, freights soared sky-high, while rising prices, belligerent restrictions, and heavy war risks contributed to the diminution of maximum gains. These conditions, working in conjunction with the disturbing factors in China, produced a depression during the first two years of the conflict. The trade fell from 973 million taels in 1913 to 925 millions in 1914, and to only 873 millions in 1915, a fall of over 100 millions in two years. It was not until 1916 that the trade recovered to 998 millions, and in 1917 the total was a record. Speaking of the triumph scored by the foreign trade of China over adverse conditions the Statistical Secretary of the Chinese Maritime Customs, in his *Report* for 1917, writes:

The war has shown very plainly that the foreign trade of China is no delicate exotic prone to shrink and wither unless constantly warmed by the rays of prosperity, but a hardy and rapidly growing plant that needs but little encouragement to expand and is ready to adapt itself to the most unpromising circumstances. . . . It is quite plain that with the establishment of peace abroad and tranquillity within a great advance in trade will be witnessed.<sup>1</sup>

Similar victories over unfavorable circumstances are recorded for other years — 1898, for example. In view of this remarkable vitality of the trade it is sometimes very

<sup>1</sup> *China: Returns of Trade and Trade Reports*, 1917, pt. i, p. 1.

hard to reconcile the statistics with the apparently hopeless conditions.

With the rapid extension of the means of transportation and the development of her natural resources, which are practically untouched, we may expect China's external trade to increase by leaps and bounds in the coming decades. The earning power of the Chinese people, their standard of living, and their demand for foreign goods are constantly rising. For the far-sighted merchant, manufacturer, and entrepreneur, China is, as truly as America, "the land of unlimited possibilities." What China needs most is peace and the freedom to carry out her urgent reforms. If the powers which, since August, 1914, have been harping on their stand for justice and righteousness, for the liberty and rights of weak nations, will put their professions into practice and leave China to develop herself peacefully, we shall see a growth in her foreign trade that will be simply astounding.

Let us now inquire into the distribution of this fast-growing traffic among the various countries of the world. In 1864 the total trade of China, including the coast trade, was T 260,000,000, of which T 101,000,000 was allocated to the British Empire, while the entire trade of the United States, Japan, and sundry countries, including Continental Europe, was valued at only 10% of the British total. Nevertheless, a small amount (about 20%) of the trade that was credited to Great Britain and her colonies must be assigned to the other foreign countries, especially the United States, because it passed through Hongkong, which was the transshipping port of all countries trading with China. Since 1864 the trade with the other nations beside England has grown, and the value of the direct trade with each country during seven selected years in the period 1867 to 1917 is best seen from the following summary :

VALUE OF THE DIRECT TRADE WITH EACH COUNTRY

Country	1867	1877	1887	1897	1907	1913	1917
United Kingdom	Hk. T	Hk. T	Hk. T	Hk. T	Hk. T	Hk. T	Hk. T
Hongkong	52,197,794	47,778,732	42,149,286	52,960,816	89,670,345	113,257,357	78,078,894
India	31,906,850	42,857,409	89,154,228	150,328,109	352,868,450	288,764,760	274,445,434
Singapore, Straits, &c.	22,671,899	20,310,947	6,334,945	21,114,114	36,093,542	54,482,477	33,939,571
Other British Dominions	1,238,630	1,978,257	2,727,829	4,713,905	9,407,153	16,488,126	13,552,644
Japan	3,460,143	2,681,348	2,781,504	7,023,089	2,995,419	3,819,209	13,451,174
Korea	3,395,191	5,378,963	7,678,442	39,191,022	96,808,886	184,890,848	327,440,710
United States <sup>1</sup>	8,196,001	9,089,339	200,413	1,394,574	3,663,764	10,339,849	20,361,940
Philippine Islands	747,036	243,633	357,001	30,268,708	63,501,136	73,077,499	155,747,006
Russia and Siberia	1,091,949	4,001,185	7,769,547	19,852,888	18,114,559	2,155,262	3,268,964
France <sup>2</sup>					33,817,211	67,074,325	60,968,241
French Indo-China					46,049,299	46,049,299	27,845,239
Germany <sup>3</sup>					10,916,895	6,669,084	4,083,960
Belgium <sup>3</sup>					22,286,595	45,327,627	50
Italy <sup>3</sup>					14,559,700	22,377,236	7,597
Netherlands <sup>3</sup>					8,646,887	8,981,689	4,373,823
Dutch Indies					2,335,544	10,116,329	59,981
Austria and Hungary <sup>3</sup>	501,270	579,521	505,938	1,099,217	6,646,776	9,441,853	6,229,419
Macao (Portuguese)					2,283,180	5,672,088	1,035
Siam	965,401	598,104	2,902,643	9,409,192	9,935,878	11,548,526	9,593,561
Other Countries.	3,160,739	8,014,287	533,483	682,913	2,408,633	2,080,144	2,919,931
Gross value of the trade	129,532,903	143,511,725	190,356,344	375,736,352	693,452,359	989,595,977	1,040,312,969
Less re-exports to foreign countries.	2,307,449	2,832,807	2,232,467	9,406,369	12,670,293	16,127,874	27,862,595
Net total.	127,225,454	140,678,918	188,123,877	366,329,983	680,782,066	973,468,103	1,012,450,404

<sup>1</sup> Including Formosa in the last four dates.<sup>2</sup> Including Hawaii in the last four dates.<sup>3</sup> The trade with these and the other countries of Continental Europe, with the exception of Russia, was not separately recorded before 1905. The value of the trade with the Continent of Europe, Russia excepted, was as follows: 1867, T 2,409,770; 1877, T 7,035,559; 1887, T 14,132,954; 1897, T 34,443,925. In the above table these figures are included in the heading, "Other Countries."

The most striking feature of the above table is that the British Empire has always been far in the lead, with Japan spurring after her, while the United States, whose trade used to occupy the second position, is now satisfied with a poor third. And previous to the War, next came Russia, France, Germany, and Belgium, in the order mentioned.

The percentage distribution of the foreign trade of China (both imports and exports) among the various nations in the period 1907-1913 inclusive, is approximately as follows:

Country	1907	1908	1909	1910	1911	1912	1913
British Empire (including Hongkong). . . . .	57.4	55.8	52.2	51.7	48.5	48.3	48.0
Japan and Korea . . . . .	14.7	13.9	15.3	16.9	17.1	18.0	19.7
United States and Philippines. . . . .	9.7	9.9	8.8	6.8	8.7	8.4	7.6
Russia and Siberia. . . . .	2.5	5.6	7.3	7.3	7.9	7.7	6.7
France and Indo-China. . . . .	6.5	5.8	6.4	5.8	5.4	5.4	5.3
Germany. . . . .	3.2	3.1	3.0	4.1	4.2	4.1	4.5
Belgium . . . . .	2.1	1.8	2.1	2.1	2.5	1.7	2.2
Netherlands and Dutch Indies . . . . .	. .	. .	. .	. .	1.8	1.9	1.9
Portugal and Macao . . . . .	1.4	1.5	1.3	1.4	1.3	1.2	1.2
Italy. . . . .	1.2	1.5	1.2	1.3	1.1	1.3	0.9
Other Countries, less than 1 per cent each . . . . .	1.3	1.1	2.4	2.6	1.5	2.0	2.0

From this it will be seen that during the seven years ending 1913 the British Empire enjoyed an annual average of 51.7% of the total direct trade of China. But of this, 32.4% belonged to Hongkong, which acts as a port of transshipment not only for Great Britain and her dominions, but also for the Continent of Europe, America, Japan, and the coast ports of China. It has been estimated by a competent authority that of the collective foreign trade of China fully one-fourth of the imports and one-third of the exports are

financed and distributed through Hongkong, with the major portion of the remainder managed through Shanghai.<sup>1</sup> Since the colony does not issue any detailed statistics of trade it is impossible to give the source and final destination of its trade with China. In this connection the *Report* for 1906 says:

The discovery of the true producing and consuming countries for the foreign trade of China is impeded by the intervention of various shipping ports, the application of the principles of extraterritoriality making it difficult, if not impossible, for the Customs to go behind the documents showing the ports of actual shipment and actual consignment, and quite impossible to obtain trustworthy and uniform statistics of the countries of origin of China's imports and the real destination of exports of her produce.<sup>2</sup>

In the same septennial period Japan's average was 16.5%, while that of America, including the Philippines, was only slightly over half of this, being 8.6%; and that of Russia and Siberia, 6.4%; of France and Indo-China, 5.8%; of Germany, 3.7%; and of Belgium, 2.1%.

Such was the situation before the War. The War has, however, temporarily upset the relative importance of the countries trading with China. In 1913 the British Empire contributed T 476,811,949 out of a total direct trade of T 973,468,103, or 49%; Japan's share (including Korea) was T 195,230,697, being 20.1%; and that of the United States, including the Philippines, totalled T 75,232,761, or 7.7%. In 1917, after more than three years of the conflict,

<sup>1</sup> Morse, *The Trade and Administration of China*, p. 268

<sup>2</sup> *China: Returns of Trade and Trade Reports*, 1906, pt. i, p. 47. The *Report* further states: "Other intervening ports, obscuring the statistical correctness of our returns, are Rotterdam, Antwerp, and Genoa, at which are shipped and landed products from and for countries lying behind those in which they are situated."

the British lead dropped to T 413,467,717 out of a total of T 1,012,450,404, being 40.8%, while the Japanese quota jumped to T 347,802,650, or 34.4%, and the American share ran up to T 159,015,970, which was 15.7%, or more than double the percentage for 1913. That is to say, within a period of four years the British experienced a fall of over 8%, while the Japanese gained more than 14%, and the Americans advanced 8%. The trade with the other countries of Europe has been greatly reduced since August, 1914; and in the case of Germany, Belgium, and Austria, it has dwindled to nothing. Previous to the War Germany's trade with China was expanding at a wonderful rate. In 1905 it was T 20,223,724, but in 1913 it rose to T 45,327,627, being more than doubled in nine years.

However, these are abnormal years and with the return of things to a peace basis the situation is bound to be altered. Great Britain is scientifically preparing for the *post-bellum* trade. She will, doubtless, endeavor not only to recover her former commercial preponderance in China, but also to extend that preponderance to other parts of the country, more especially over some of the fields which the Germans were forced to abandon and which they will be unable to regain, at least for some time to come. Japan, too, is making adequate preparations and is, moreover, employing dubious methods, in her effort both to capture new markets and to maintain the advance which she has made in China during the absence of the other powers in Europe.

As for the United States the Washington Government has promised to safeguard the commercial interests of its citizens abroad <sup>1</sup> and is now adopting measures which will facilitate the development of those interests. Whether or not the American business men will avail themselves of the

<sup>1</sup> Cf. *supra*, p. 226 n.

opportunity presented is a matter which the future alone can reveal. Now that their share of the Chinese trade is more than twice what it was before the War, are they going to hold to that gain and continue to make further advances which their energy and resources warrant? Or are they going to pursue the old policy of indifference and let their commerce develop as best it can by entrusting it, in most cases, to foreign houses, which usually prefer to forward orders for merchandise to their home countries instead of to the United States? Questions like these are important and they deserve the serious consideration of American merchants if they want to realize their full *pro rata* of the foreign trade of China.

As a promising field for industrial and commercial expansion China offers wonderful opportunities to the United States. With her abundant natural resources, which are practically untapped, and a population that is peace-loving and industrious, she has always extended the open hand of welcome to American merchants and manufacturers, American capitalists and entrepreneurs. Unlike all the other foreigners in the Oriental Republic, the Americans have always enjoyed the good-will of the Chinese people, and good-will is a very valuable asset in all commercial dealings. Moreover, it is to be remembered that in trading with the Chinese they are trading with a people whose merchants are known the world over for their high standard of commercial morality. If the United States desires to share in the industrial and commercial prosperity of China she cannot find a more opportune time for the inauguration of a large-scale American trade on the other side of the Pacific than the present, when her manufacturers are on the threshold of that stage of production in which foreign markets constitute an indispensable element in the stabilization of domestic industry. By the help of a fast-growing merchant

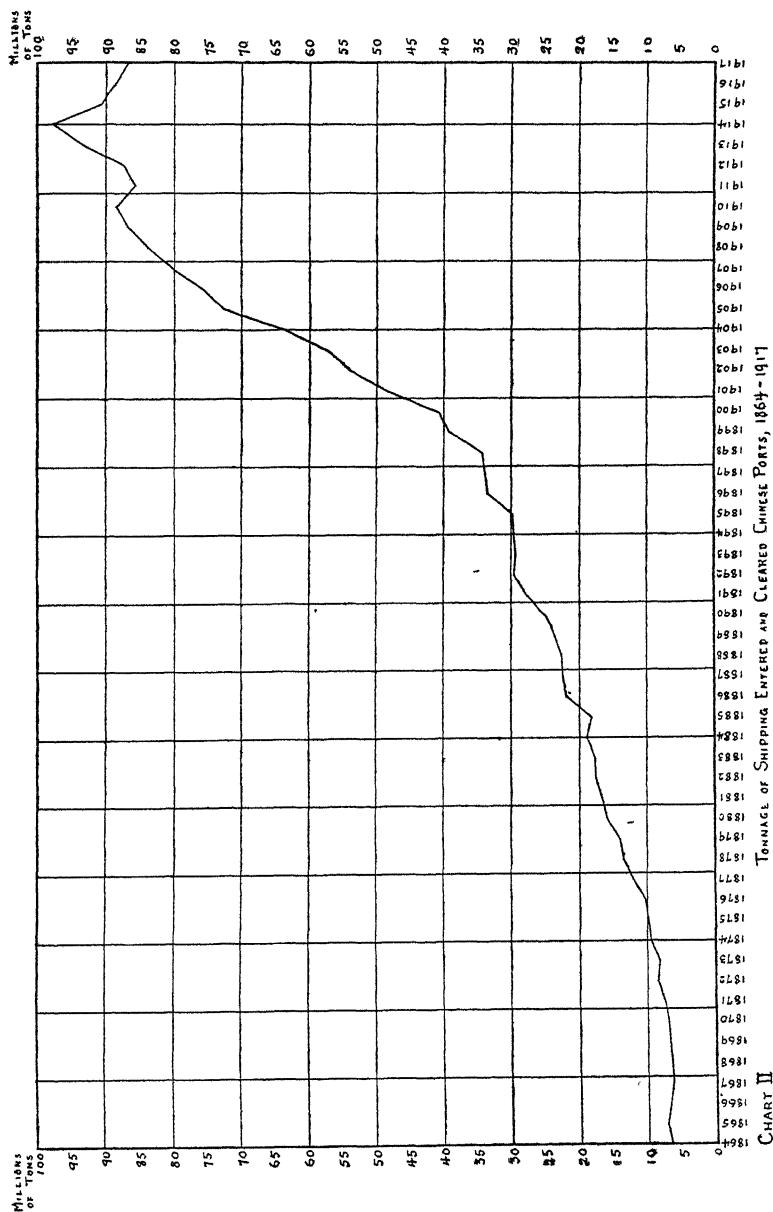
marine, coupled with her control in the Philippines and the facilities offered by the Panama Canal, the United States is in a very advantageous position for such an expansion. But before the Americans can obtain a result commensurate with the available opportunities they must study and be prepared to meet the needs of the Chinese market. China is rapidly becoming a large purchaser of Western goods, but what she is buying now is merely a fraction of what she will buy in the coming decades. It must be remembered that this is the time for commercial seed-planting and only those who plant today can expect to reap the harvest tomorrow.

#### SHIPPING

Before giving an analysis of the foreign trade let us dwell briefly on three other indices of general commercial conditions, namely, the growth of shipping, of customs revenue, and of foreign firms and population in China. Taking the development of shipping first, we must state that in addition to the oversea trade China has a large coastwise trade which is mainly carried on by foreign vessels, for the only Chinese steamship company of any importance is the China Merchants Steam Navigation Co., which was established in 1872, and which has a fleet of thirty-one ships of an aggregate of 59,332 tons.<sup>1</sup> During the sixteenth century all the trading vessels that reached China from the West were Portuguese. But in the next hundred years Holland and England were also represented, and during the eighteenth century the shipping was divided in different proportions among the important mercantile maritime countries, including the United States from 1784, when

<sup>1</sup> With the withdrawal of the Pacific Mail Steamship Company from the Pacific in 1915, the China Mail Steamship Company was formed to cater to the Pacific trade. This is a Chinese enterprise, but its two ships (25,200 tons) sail under the American flag.





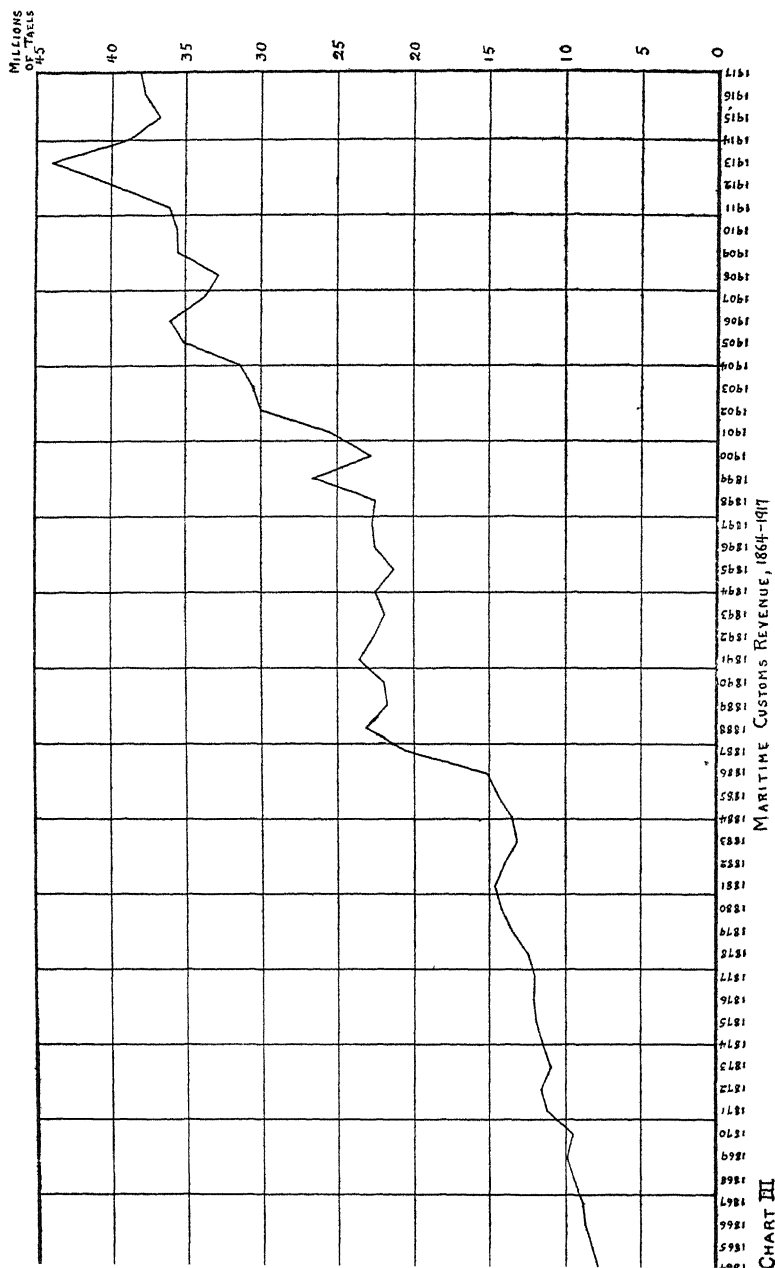
the first American ship, *Empress of China*, arrived at Canton from New York. During the early part of the last century England took the lead in this carrying trade, with the United States as a close second; the Americans with their China clippers acted as carriers of goods mostly between London and China.

Since the establishment of the Chinese Maritime Customs the development of shipping has been very rapid, more rapid than the growth of the foreign trade of the country. In 1867 there were 14,704 entries and clearances with 6,396,815 tons, of which 58% was represented by the British flag and 26.2% by the American. In 1887, 28,381 vessels of 22,199,661 tons entered and cleared Chinese ports, 63.8% of the tonnage employed being British, 6.7% German, 1.4% Japanese, and 25.5% Chinese. The number of entries and clearances in 1907 was 217,932 and the tonnage, 80,109,424, of which British ships shared 41.6%; Japanese, 19.5%; German, 8.3%; French, 5.9%; American, 1.3%; and Chinese, 20.8%. The year before the War the figure rose to 190,738 vessels, having a capacity of 93,334,830 tons, of which 40.8% was British, 25.1% Japanese, 6.8% German, 1.8% Russian, 1.3% French, 1% American, and 21.3% Chinese. The War has caused an extraordinary derangement to shipping throughout the world, and in 1917 there were 213,473 entries and clearances with a total tonnage of 86,907,049. Of this aggregate the British contribution was 38.6%; the Japanese, 28.3%; the Russian, 1.6%; the American, 1.3%; and the Chinese, 27.6%. It will thus be seen that between 1867 and 1913 the tonnage of shipping entering and clearing Chinese ports multiplied itself more than fourteen and a half times, and that, like the distribution of the total volume of the trade, the British have always been the undisputed first, with the Japanese in the second place, but making giant strides, while the other for-

SHARE OF THE TONNAGE OF SHIPPING TAKEN BY EACH COUNTRY

Flag	1864	1877	1887	1897	1907	1913	1917
	Tons	Tons	Tons	Tons	Tons	Tons	Tons
American.	2,609,390	556,112	66,539	269,780	1,045,899	898,750	1,125,155
British.	2,862,214	6,497,332	14,171,810	21,891,043	33,316,618	38,120,300	33,776,217
French.	93,099	163,389	180,890	423,122	4,712,188	1,232,763	584,891
German.	580,570	496,908	1,480,083	1,658,094	6,637,767	6,320,466	17,054
Japanese.	756	115,263	306,169	660,797	15,598,213	23,422,487	24,581,647
Norwegian.	38,195	19,635	41,162	619,742	1,067,110	739,328	474,349
Russian.	..	5,058	51,335	145,660	264,042	1,687,796	1,429,200
Other Foreign.	396,673	155,330	231,550	264,234	779,282	1,008,996	1,095,719
Chinese.	64,588	3,974,544	5,670,123	7,819,980	16,686,305	19,903,944	24,022,817
Total	6,635,485	11,983,591	22,199,661	33,752,362	80,109,424	93,334,830	86,907,049

<sup>1</sup> Including Swedish in the first four dates.<sup>2</sup> Steamers and sailing vessels engaged in the traffic under the regulations of the Inspectorate General of Customs.



foreign countries are still too far behind in the race to deserve any further mention. Chinese vessels are taking an increasing share of the carrying trade, their tonnage being close to that of the Japanese; but it is to be remembered that they operate only in Far Eastern waters.

While the development of shipping since 1864 is shown in a table given in the Appendices,<sup>1</sup> the share taken by each nationality in the carrying trade from and to foreign countries, and between the open ports of China, may be observed from the accompanying table on page 295.

#### CUSTOMS REVENUE

The Customs revenue in 1867 amounted to T 8,864,817; in 1887 it was T 20,541,399, and in 1907, T 33,861,346. It rose to T 43,969,853 in 1913, representing less than quintuple the original total. In 1917 the collection dropped to T 38,189,429. That is to say, the progress of the Customs revenue<sup>2</sup> has been at a slower rate than the development of the volume of the foreign trade. This is due chiefly to the ineffectiveness of the Chinese tariff, as will be shown in the following chapter. Unlike other countries, the Customs revenue in China is made up of half a dozen items, the growth of which, since 1867, is shown in the table on page 298.

From that table it will be observed that even up to as late as 1897 export duties had always exceeded import duties; it was not until 1902 that import duties recorded an excess over export duties, and from that year down to 1914 the former were invariably the greater of the two. Since 1915, however, the excess has again been in favor of export duties. The coast-trade duties and transit

<sup>1</sup> Cf. appendix iv. See also chart on p. 293, *supra*.

<sup>2</sup> Cf. appendix v. See also chart on opposite page.

## MARITIME CUSTOMS REVENUE

Year	Import <sup>1</sup> Duties	Export <sup>2</sup> Duties	Coast-Trade <sup>1</sup> Duties	Tonnage Dues	Transit <sup>3</sup> Dues	Opium <sup>4</sup> <i>Likín</i>	Total
	Hk. T	Hk. T	Hk. T	Hk. T	Hk. T	Hk. T	Hk. T
1867.	3,157,445	4,879,045	478,020	203,647	146,660	8,864,817	8,864,817
1877.	4,175,075	6,843,763	570,221	224,034	253,985	12,067,078	12,067,078
1887.	5,700,462	8,510,098	935,772	316,443	432,782	20,541,399	20,541,399
1897.	7,575,219	8,427,011	1,522,036	579,360	690,871	3,947,607	22,742,104
1907.	14,879,247	9,454,648	1,768,982	1,321,192	2,066,400	4,370,877	33,861,346
1913.	19,938,860	13,948,315	2,439,166	1,534,878	2,289,501	3,819,133	43,969,853
1917.	16,161,139	16,381,663	2,351,340	994,221	2,085,160	215,706	38,189,429

<sup>1</sup> Inclusive of opium.<sup>2</sup> Inclusive of export duties on Chinese produce for home consumption carried from port to port in vessels of foreign type and junks licensed to trade under the Treaty tariff.<sup>3</sup> Inwards and outwards.<sup>4</sup> Instituted in 1885.

dues have also advanced, while the growth of shipping up to the beginning of the War registered an increase in the tonnage dues. Opium is now a defunct trade and its duty and *likin* will soon be a matter of history.

#### FOREIGN FIRMS AND POPULATION IN CHINA <sup>1</sup>

Another index of general trade conditions and a further clue to the relative importance of the trade of the various countries are contained in the statistics dealing with the number of foreign firms doing business in China. In 1864 75% of the big commercial houses in Shanghai were British, and the remaining 25% were divided among the Germans, Americans, and French; the English also owned all the foreign banking institutions except one. In 1875 there were 343 foreign firms in China, of which 211 were British; 52, German; 46, American; 12, Russian; 6, French; and 1, Japanese. This number rose to 420 in 1887; 636 in 1897; 2,595 in 1907; 3,805 in 1913; and 7,055 in 1917. Of the 1913 figure 1,269 were Japanese; 1,229, Russian; 590, British; 296, German; 131, American; and 106, French. The great increase in 1917 was due to the fact that the Japanese and Russians had more than doubled their numbers for 1913, as also to the considerable advances made by the other important countries, with the exception of Germany. The foreign population in China was recorded at 3,579 in 1875; 7,905 in 1887; and 11,667 in 1897. In 1907 it was 69,852, while in 1913 it reached 163,827, and in 1917 it further advanced to 220,485—an increase brought about by the large immigration of the Japanese into China since the commencement of the War.

<sup>1</sup> Cf. appendix vi.

## THE PRINCIPAL ARTICLES OF THE TRADE

*I. Imports*

During the seventeenth and eighteenth centuries, as well as the first three decades of the nineteenth, merchandise imports into China were very much smaller than exports, the ratio being 3 to 5 in 1821. In the early days the amount of goods imported from the West to provide for the export fund at Canton never sufficed; and throughout the eighteenth century it was less than one-fifth of the sum needed. Consequently, a large amount of specie was imported to pay for the Chinese produce shipped to Europe. But by 1831 the whole situation acquired a different aspect. In that year China had a trade balance against her on account of the great increase in the opium traffic; and since then imports have, with few exceptions, always been larger than exports. From 1864 to 1917 there were only half a dozen years<sup>1</sup> in which the exports exceeded the imports. Up to 1887, however, the "unfavorable" balances were generally within the range of from 2 to 7 million taels and only in a couple of instances did they go over the twenty-million mark. But from that time on the differences between the values of imports and exports steadily increased until in 1905 imports totalled T 447,100,791 and exports only T 227,888,197—an excess of almost 100%. The differences have been reduced somewhat in recent years. In 1913 the excess was less than T 167,000,000 and in 1917 it dropped to about T 86,000,000. During the ten years, 1904-1913, imports amounted to an average of 58.6% of the total foreign trade of China.

In order to gauge the progress of the Chinese trade during the last half-century we propose to take the figures

<sup>1</sup> These were 1864 and 1872-1876 inclusive.



for 1867, when the Chinese Customs statistics were given something like their present form, and compare them with the figures for 1917, but more particularly with those for 1913, which is approximately the last normal year before the War. In 1867 the imports were valued at T 69,329,741; they were T 102,263,669 in 1887 and T 416,401,369 in 1907. In 1913 they reached the highest recorded total of T 570,162,557, constituting an increase, since 1867, of over T 500,000,000, or more than 722%. In 1917 the value was T 549,518,774.<sup>1</sup>

*Opium:* The opium traffic, which at one time was the most important import trade in China and which had been the source of many evils, was officially ended in April, 1917. In 1867 the amount of opium imported was 60,948 pls., with a value of T 31,994,576, being 46% of the total value of foreign imports for that year. In 1913 the import was 18,138 pls., valued at T 41,023,012, or 7% of all foreign imports; and in 1917 it was only 1,072 pls., with a value of T 6,241,992, being 1% of the total. At a great financial loss the Chinese Government has destroyed the remaining stock of opium in Shanghai to the end that the national vice may be wiped out forever. The trade in opium is now defunct. *Requiescat in pace!*

*Cotton Goods:* The chief item in the foreign imports is now cotton goods. China is the biggest market in the world for cotton yarn and the second biggest for cotton piece goods, the first place being occupied by India. In 1867 cotton manufactures were imported to the value of T 14,617,268, being 21% of all imports. In 1887 they were valued at T 37,047,931 out of a total import trade of

<sup>1</sup> The imports are net imports, *i. e.*, the value of the foreign goods imported direct from foreign countries, *less* the value of the foreign goods re-exported to foreign countries during the year. For the growth of imports and exports from 1864 to 1917, *cf.* appendix iii. See also chart on p. 283, *supra*.

T 102,263,669, and in 1907 at T 118,915,923 out of a total of T 416,401,369. In 1913 the value was T 182,419,023, being 32% of the whole; but in 1917 it fell to T 158,950,267, which was only 29% of all imports. The 1917 figure was, however, T 23,270,881 in excess of the imports for 1916.

In 1867 the import of the principal descriptions of plain cottons, namely, grey and white shirtings, sheetings, drills, jeans, and T-cloths, was 3,738,965 pieces, with a value of T 10,537,427, being 72% of the value of all cotton goods imported that year. Of this quantity 130,000 pieces were supplied by American mills and the remainder chiefly by English mills. In 1913 the same plain fabrics imported were valued at T 68,659,440, representing about 37½% of all cotton imports. The quantity was 19,864,862 pieces distributed as follows:

English .....	11,705,426 pieces
Japanese .....	5,716,594 “
American .....	2,281,123 “
Indian .....	40,054 “
All others .....	121,665 “

Of fancy cottons, which include all the cotton fabrics not classed above as plain, the import in 1867 was T 2,464,075, or 17% of all cotton products imported. The greater portion of these fabrics consisted of white and dyed figured shirtings and chintzes, supplied almost exclusively by England. Fancy cotton imports in 1913 reached a total of T 41,222,804, being 22½% of all cottons imported. Of this value approximately 73% was contributed by Great Britain, including Hongkong, 13½% by Japan, and 13½% by all the other countries. The leading varieties of the fancy goods in 1913 were cotton Italians, plain and figured, chintzes and plain cotton prints, turkey red cottons, cotton flannels, and velvets.

It is interesting to note that fully 90% of all cotton piece goods—*i. e.*, both plain and fancy cottons—imported into China comes from the mills of England, Japan, the United States, and Russia, the rest being supplied by France, the Netherlands, India, Canada, Germany and Italy. The percentages furnished by each of the four principal countries and Hongkong during selected years in the period 1902-1913 were as follows:

Country	1902	1905	1907	1909	1911	1912	1913
Great Britain . . . . .	55.3	49.2	72.2	54.7	61.3	55.3	53.3
Hongkong <sup>1</sup> . . . . .	8.1	7.3	11.7	12.8	10.5	11.3	10.1
Japan . . . . .	2.7	2.5	4.7	8.3	13.8	17.4	20.2
United States . . . . .	26.8	35.5	5.7	18.1	9.5	9.3	7.9
Russia . . . . .	. .	. .	. .	1.7	1.4	2.1	3.3

From the preceding table it will at once be seen that previous to the War the British share of the cotton imports into China had been very steady; and that while Japan's quota increased remarkably that of the United States showed a serious falling off.

In 1867 cotton yarn was imported to the extent of 33,274 pls., valued at T 1,600,416, being 11% of all cotton imports. This came exclusively from England. In 1913 yarn imports were 2,685,363 pls., with a value of T 71,060,089, which was 39% of all cotton imports for that year. Of this quantity 1,330,567 pls. were Indian; 1,300,921 pls., Japanese; and only 5,128 pls., English, while 48,747 pls. were from all other sources.

<sup>1</sup> Hongkong, as we have already stated, is a port of transshipment in the foreign trade of China and it is hard to locate the exact source of the cotton manufactures that are imported into China through it. However, it is safe to credit practically all of the Chinese cotton imports through Hongkong (over 15%) to England and India, and but small quantities to Continental Europe and the United States.

The War has caused a radical decline in the import of American and English piece goods through high freights, while Japanese cotton products are making great strides. Japan is rapidly monopolizing the traffic in plain fabrics. In grey shirtings and sheetings, drills, and jeans, during the period 1913 to 1917 inclusive, Japanese advanced from 5,345,145 to 7,101,429 pieces, while American fell from 2,281,123 to 71,531 pieces, and English from 5,883,290 to 1,788,094 pieces. Since the War Japanese fancies have also increased considerably at the expense of similar makes from Great Britain. As for cotton yarn, the Japanese is displacing the Indian. In 1917 the import of cotton yarn from Japan was 1,065,444 pls., exceeding that from India by more than 100,000 pls.

A striking feature of the cotton trade in recent years is the rapid growth of the local spinning and weaving industry. Shanghai is fast becoming the Manchester of the Far East and its mills are competing with increasing vigor every year. Of the strength of this competition in the future the Japanese are perfectly aware, and that is why they are increasing the number of their mills in China. The sole reason why China, which ranks third among the cotton-producing countries of the world, cannot compete successfully with Japan, where no cotton is raised, is because China kills her cotton industry by taxation while Japan fosters hers with great care and encouragement. When adequate protection is given to the Chinese industry there can be no doubt that the day will be greatly hastened when China will become an important manufacturer of both piece goods and cotton yarn, a position which she can hold.

*Woolen Goods:* The trade in woolen goods is on a decline. In 1867 the importation of woolens amounted to T 7,391,236, being 10% of all imports into China. This

sum dropped to T 5,424,561 in 1887, and T 4,345,001 in 1907. In 1913 it was T 4,879,281, representing about 0.9% of all foreign imports; and in 1917 it dwindled to T 3,676,815, being less than 0.7% of the total. The decrease in the woolen trade is to be attributed chiefly to the fact that in China the mass of the people who are clad in cotton clothing find woollens beyond their means, while the well-to-do prefer silk and furs. However, the greater cost of pure woollens as compared with woolen and cotton mixtures has resulted in an increasing trade under the latter heading. In 1903 such mixtures were imported to the extent of T 511,053, and in 1907, T 2,553,805. The import rose to T 3,461,526 in 1913, but in 1917 it was only T 2,461,305, which was, however, a considerable increase over the two preceding years.

*Metals:* The second great item in the foreign imports of China is metals, of which she took T 1,630,351 worth in 1867, being slightly over 2% of all foreign imports. In 1887 the trade advanced to T 5,797,367, and by 1905 it attained the record of T 45,428,998, of which T 31,185,779 worth was copper, which was almost entirely for the coinage of copper currency in which China was then busily engaged. In 1913, owing chiefly to the slackened activity of the Chinese mints in issuing copper coins, the importation of metals fell to T 29,156,086, constituting 5% of all imports, and in 1917 it was only T 25,137,741, being 4½% of the whole.

Since the sixties both the quantity and the variety of the metals imported have increased. In 1867 the import of copper was 11,150 pls.; in 1913 it was 218,823 pls., which was, however, a smaller quantity than that for 1905. Lead, which is mainly used for packing tea, was bought to the extent of 57,780 pls. in 1867, and 118,335 pls. in 1913. In 1867 tin imports amounted to 31,758 pls.; in 1913 they

were 57,962 pls., including manufactures of tin; and tinned-plates imported were 1,744 and 363,366 pls. respectively. It is said that the consumption of iron and steel is the best gauge of the industrial progress of a nation. With a small production at home China imported, in 1913, 3,931,839 pls. of iron and steel; in 1867 the import was only 117,381 pls. As for the kind of metallic goods taken we find that many new articles have been introduced. For instance, manganese and aluminum and its manufactures were not separately listed as imports until 1910, but in 1913 the first item was credited with 226 pls. and the second with 993 pls. It must be stated that the major portion of the metals imported into China is of an inferior quality, being mostly the discards of European manufactories.

*Sundries:* Besides opium, cotton and woolen goods, and metals there is a long category of "sundries," which is made up of merchandise of all descriptions. In 1867 this list carried a value of T 13,636,376, a little below 20% of all foreign imports. In 1887 the value was T 25,976,261 out of a total import trade of T 102,263,669, and in 1907 it was T 238,702,119 out of a total of T 416,401,369. In 1913 the import of sundries jumped to T 305,787,845, being over 53½% of all imports, and in 1917 it advanced further to T 348,822,886, which was 63½% of the whole. The great increase of the trade in sundries, in volume as well as in variety, is doubtless a measure of the extent of foreign influence in China and an index of the progress which the Chinese are making along Western lines. As the list is an exceedingly long one, mention can be made of only the more important articles.

*Cigarettes:* The Chinese have long been tobacco producers. In 1867 they used only home-grown tobacco and cigarettes were not known, but in 1913 cigars and cigarettes

were imported to the value of T 13,067,792; of this over 12½ million taels were in the form of cigarettes, coming largely from Great Britain. In 1917 the trade rose to T 31,852,563, and cigarettes, half of which was supplied by the United States, constituted T 31,263,027. In addition to cigars and cigarettes there is an import of tobacco, which amounted to T 3,572,560 in 1913, and T 3,647,271 in 1917.

*Coal:* Coal, of which China has an inexhaustible supply in her own deposits, was imported in 1867 to the extent of 113,430 tons, with a value of T 1,101,840. In spite of a present home output of some 15,000,000 tons, China bought 1,690,892 tons of foreign coal, valued at T 9,420,758 in 1913; and 1,444,124 tons at T 15,041,834 in 1917.

*Raw Cotton:* Raw cotton is imported, but it is also exported, as we shall see later. In 1867 the import was 336,072 pls., with a value of T 5,164,392, being about 38% of the total sundries taken that year. In 1913 the amount dropped to 133,255 pls., with a value of T 2,984,022, or about 1% of all sundries, while in 1917 the import was 300,128 pls., valued at T 6,406,224, being less than 2% of the whole.

*Aniline Dyes:* Aniline dyes were unknown in 1867, but in 1913 they were credited with T 5,401,820, excluding artificial indigo, which amounted to T 9,633,157. The War has, however, caused the disappearance of aniline dyes, which came chiefly from Germany and Belgium, and no artificial indigo was imported until 1917, when the total was only T 180,458.

*Fish and Fishery Products:* Marine products are always wanted in China. In 1867 their import amounted to T 1,358,716; in 1887 it was T 1,940,778; in 1907, T 8,352,907; it jumped to T 12,974,540 in 1913, and reached a total of T 14,144,735 in 1917.

*Flour:* Flour, which was unknown in the early years,

accounted for T 567,214 in 1887, T 13,984,546 in 1907, and T 10,300,612 in 1913. At the beginning of the War the trade declined considerably, but in 1917 it rose again to T 2,818,576, the quantity imported being almost treble that of 1916.

*Window Glass and Glassware:* This traffic, which in 1867 amounted to only T 25,182, reached a total of T 2,231,664 in 1913, and advanced to T 2,430,136 in 1917.

*Hosiery:* Hosiery, which was first enumerated as a separate import in 1903, with a value of T 129,924, is becoming an important item among the sundries. In 1913 the amount taken was T 1,913,703, and in 1917 it reached T 2,696,668.

*Leather:* Leather does not seem to have been an article of commerce until the nineties, and even as late as 1907 the import was only T 2,155,372. But the value jumped to T 7,178,921 in 1913, and in 1917 it was T 9,688,034.

*Machinery and Machines:* Machinery and machines were not imports in the early days, but in 1913 they accounted for T 7,929,545, and in 1917 the import was T 5,695,878. Moreover, electrical materials and fittings have entered China in greater quantities year after year, as have also railway materials, motor cars and other vehicles. In 1913 electrical materials and fittings were imported to the value of T 2,322,339; this total advanced to T 4,027,243 in 1917. The importation of railway materials was valued at T 4,317,694 in 1913, but owing to war conditions it dropped to T 1,966,639 in 1917. This trade will, doubtless, revive with the return of peace. In 1913 all kinds of vehicles imported into China were credited with T 3,543,498, while in 1917 they advanced to T 6,575,768. The import of vehicles is made up chiefly of locomotives and tenders, railway carriages and wagons; and in 1917 the first item contributed T 3,578,114, and the second, T 1,198,722.



*Matches:* In 1867 matches were imported to the extent of 79,236 gross of boxes, at a value of one tael per gross; in 1887 the import was 2,276,863 gross, valued at T 672,175; and in 1907 it was 22,434,168 gross at T 4,895,792. In 1913 the trade rose to 28,448,155 gross, with a value of T 6,341,158; but in 1917 it was only 15,594,320 gross, valued at T 5,555,443 as against 20,620,717 gross at T 6,975,886 in 1916. The decrease in the importation of matches in recent years is due to the competition of Chinese-made matches. But the growth of the local industry brought in match-making materials, principally from Japan and the United States, to the value of T 1,589,219 in 1913, and of T 1,394,263 (not including paraffin wax, which figured for T 2,585,348) in 1917.

*Medicines:* Foreign medicines, which were unknown even as late as the eighties, are now imported in increasing amounts; the values taken in 1913 and 1917 were T 4,026,874 and T 5,696,128 respectively.

*Kerosene Oil:* Kerosene oil was very little imported in 1867, the quantity being 29,842 gal.; but since 1878, when the total was 4,161,100 gal., the trade has increased by leaps and bounds. The import at this time was wholly American, and it was not until 1889 that the Russian oil entered the field, followed, in 1894, by the Sumatran, and, in 1901, by the Borneo varieties; and finally, in 1910, by the Japanese oil, which though cheaper is of an inferior quality. In 1897 the import was 99,348,908 gal., valued at T 13,299,136, and in 1907 it was 161,284,355 gal. at T 19,999,038. In 1913 the trade was nothing less than 183,984,052 gal., with a value of T 25,402,845; but in 1917, owing to heavy freight rates, the quantity imported fell to 157,910,941 gal., although the value rose to T 35,354,656. The quantities taken in 1907, 1913, and 1917 were divided among the countries of origin as follows:

Kind	1907	1913	1917
	Gal.	Gal.	Gal.
American . . . . .	95,565,409	112,459,925	107,446,239
Sumatran . . . . .	39,116,281	41,915,648	33,633,346
Borneo . . . . .	25,923,215	23,603,943	9,777,614
Russian . . . . .	679,450	5,970,271	300,679
Japanese. . . . .	. . . .	34,265	5,430,593
Other kinds . . . . .	. . . .	. . . .	1,322,470
Total . . . . .	161,284,355	183,984,052	157,910,941

*Paper:* Paper, which was not separately listed as an import until 1903, was bought to the extent of T 7,169,255 in 1913, and T 6,249,293 in 1917.

*Rice:* The quantity of rice imported in 1867 was 713,494 pls., with a value of T 1,101,565, as against 1,944,250 pls., valued at T 2,755,654 in 1887, and 12,765,189 pls. at T 34,417,307 in 1907. In 1913 the import was 5,414,896 pls., valued at T 18,383,719, while in 1917 it was 9,837,182 pls. (including paddy), with a value of T 29,584,093.

*Soap:* Soap, which is very popular, was imported to the sum of T 129,744 in 1887, and T 1,253,324 in 1907. In 1913 the value was T 2,684,511, while in 1917 the import, which included materials for making soap, totalled T 3,681,928. Perfumes and other toilet requisites are also in increasing demand.

*Sugar:* In 1867 sugar was imported to the extent of 186,176 pls., but this was Chinese sugar exported to Hongkong and re-imported thence. In 1887 the import was 271,718 pls., valued at T 1,199,162, as compared with 5,869,121 pls. at T 26,358,849 in 1907; 7,264,987 pls. at T 36,463,491 in 1913; and 6,322,956 pls. at T 44,929,118 in 1917. Most of the sugar imported in recent years was transhipped through Hongkong, either in its original state

or after having been refined there, from the Dutch Indies and, to a less extent, from the Philippines; and a great part of the refined sugar taken by China was supplied by Japan.

*Tea:* In 1867 China had a firm control of the tea supply of the world, and until rather lately only small amounts of Japanese and Formosan teas were taken. But in 1913 there was imported from British India, Ceylon, Formosa, and Java the quantity of 194,232 pls., valued at T 4,787,596, of which more than T 3,900,000 was contributed by India and Ceylon, both of which have driven Chinese tea from many markets in the world. The import in 1917 was 189,444 pls., valued at T 4,476,205.

*Timber:* Hard and soft timber figured for T 205,168 in 1867, as against T 4,955,063 in 1913, when T 3,881,077 worth was in soft wood, coming mainly from the United States and Japan. In 1917 the timber import amounted to T 4,400,931, of which T 2,918,609 was in soft wood, with Japan as the chief supplier. China should require very little foreign timber, for a large percentage of the timber import is in soft wood, which can be grown at home if deforestation is prevented.

*Wines, Beer, and Spirits:* These beverages are being imported in increasing quantities. The import in 1887 was T 191,209; it rose to T 3,049,737 in 1913, and T 3,353,653 in 1917.

Such are the more important articles of the import trade in sundries; but there is every reason to believe that the coming decade will witness a rapid expansion of the traffic in many of the minor items, which are still undeveloped.

## II. Exports

Turning to the export trade we discover that it has lost the position which it used to occupy in the foreign commerce of China up to the early part of the nineteenth cen-

tury. From 1867 to 1917, with the exception of the five years, 1872 to 1876 inclusive, exports have invariably been smaller than imports, and in 1905 they amounted to a little over half of the imports. During the decennial period ending 1913 exports averaged annually only 41.4% of the total trade of China. Moreover, the progress in exports has been slower as compared with that in imports. In 1867 Chinese goods were exported to the extent of T 57,-895,713; in 1887 the total value was T 85,860,208, and in 1907, T 264,380,697. In 1913 it reached the sum of T 403,-305,546, making an increase, since 1867, of a little over T 345,000,000, or less than 597%, as against an increase in the imports during the same period of over 722%. In 1917 the exports were valued at T 462,931,630, as compared with T 481,797,366 in 1916, which is the highest figure on record. It is interesting to notice, however, that since 1895, when China's foreign indebtedness began to take shape, the exports have increased at a more rapid rate than the imports. During the eighteen years from 1896 to 1913 while the imports rose from T 202,589,994 to T 570,-162,557, or slightly less than triple, the exports jumped from T 131,081,421 to T 403,305,546, being a little over three times as much.<sup>1</sup>

The export trade of China may be classified under three general headings, namely, tea, silk and its products, and "sundries." The percentages of the total volume of the exports contributed by each of the three main items during selected years in the period 1837 to 1917 were approximately as follows:

<sup>1</sup> For the growth of imports and exports from 1864 to 1917, cf. appendix iii. See also chart on p. 283, *supra*.

Year	Tea	Silk	Sundries
1837. . . . .	61	33	6
1867. . . . .	59	34	7
1913. . . . .	8	26	66
1917. . . . .	6	23	71

It will thus be seen that since 1837 the respective positions of tea and sundries in the export trade of China have been interchanged, while that of silk and its products has been fairly constant, although its percentage is now smaller than it was in 1837.

*Tea:* Up to the latter part of the last century tea was the chief staple of trade in China; it was then a monopoly of the Chinese. Out of a total value of Chinese exports tea contributed 75% in about 1820, 61% in 1837, and 59% in 1867, when the amount exported was 1,330,974 pls. Tea was shipped to the West in increasingly large quantities until 1886, when it attained its maximum export of 2,217,295 pls., valued at T 33,504,820, being 43% of all exports. Since that time tea has decreased in price and its shipment has rapidly dwindled until in 1897 it was 1,532,158 pls., with a value of T 29,216,546, and in 1907, 1,610,125 pls., valued at T 31,736,011. The year before the War the export was only 1,442,109 pls., with a value of T 33,936,769, being over 8% of the total exports; while in 1917 it dropped to 1,125,535 pls., the lowest on record since the trade was developed; its value was T 29,107,687, constituting a little over 6% of the whole.<sup>1</sup>

The two principal kinds of tea—that is, tea leaf (black and green), and brick tea (black and green), including tea dust and tablets—exported in 1867, 1886, 1913, and 1917 were distributed in the following proportions:

<sup>1</sup> See *supra*, p. 311, for tea imports into China.

Year	Leaf		Brick	
	Quantity	Value	Quantity	Value
	Pls.	Hk. T	Pls.	Hk. T
1867 . . . . .	1,248,256	33,838,423	65,311	717,665
1886 . . . . .	1,846,989	31,246,063	370,212	2,258,757
1913 . . . . .	825,051	25,277,535	617,058	8,659,234
1917 . . . . .	668,510	21,364,334	457,025	7,743,353

A striking feature of the above table is the reduction of the amount of tea leaf exported as compared with brick tea. This situation is to be attributed to the fact that while Europe and America, which are the markets for teas of finer qualities, have been very slack in their demand for Chinese tea, increasing quantities of brick tea are purchased by the peoples of Siberia and Central Asia.

The decline of China's tea trade has been brought about by the intense competition of India, Ceylon, and other countries, all of which have gradually crowded Chinese tea out of the principal tea markets of the world, especially those of England and Australia, with the biggest *per capita* consumption among the tea-drinking countries. The annual average exports of tea from China fell from 242,213,000 lbs. in the period 1888-1892 to 202,130,186 lbs. in the period 1908-1912, giving a decrease of 40 million lbs., or 17%. But in the same periods the exports from British India jumped from 105,529,000 lbs. to 255,394,418 lbs., showing an increase of almost 150 million lbs., or 142%. In 1913 China's total export was 192,281,200 lbs. as against India's 291,715,041 lbs. for the official year of 1913-14; and Indian exports have steadily expanded since then. And India, it is to be remembered, did not make its first experiments in tea growing until 1838, whereas China has been

engaged in the industry from time immemorial. Then there are Ceylon and Java, both of which are getting an increasing share of the tea trade of the world from year to year. During the years 1888-1892 the average annual exports of Ceylon amounted to about  $48\frac{3}{4}$  million lbs., and in 1908-1912 they reached  $188\frac{1}{2}$  million lbs., while the yearly average of Java was  $7\frac{1}{4}$  million lbs. for the first period, and  $44\frac{1}{2}$  million lbs. for the second. In 1913 Ceylon exported 191,509,000 lbs., and Java, 64,938,904 lbs. And finally we have smaller exports from Japan and Formosa.

Sixty years ago the United Kingdom obtained nearly all of her tea from China; today 95% of the British supply is from India and Ceylon. In 1913, according to the British Board of Trade Returns, the United Kingdom imported and retained for consumption 305,490,000 lbs. of tea, of which only 16,272,548 lbs., with a value of £613,147, was from China, including Hongkong and Macao. The Australian market has also been captured. Similarly, China has lost the United States as an important market. In 1867 the Americans bought 25,887,066 lbs., or 65% of their tea imports from China, but during the year ending June 30, 1914, they took only 20,139,342 lbs., constituting 22% of the total. Japan is now the chief supplier of tea in America; in 1913-14 her share of the trade was 41,913,273 lbs., while in 1915-16 it was 52,359,526 lbs. as against China's 20,422,700 lbs. Russia is about the only constant foreign consumer of Chinese tea today. In 1867 the direct export of tea to Russia was only 8,849,866 lbs.; in 1886 it rose to 79,890,267 lbs., and in 1913 it totalled 120,795,599 lbs., which was about 63% of all tea exported from China that year. However, we must not forget that Russia is by far the second best customer of Indian tea and that India has proposed to kill Russia's preference for Chinese tea by set-

ting up tariff restrictions against India's preference for Russian petroleum.

We have stated that the decline in the Chinese tea trade is due to the competition from India and the other tea-producing countries of the world. The question arises, why has China been unable to compete with them? There are several reasons for this failure. In the first place, the tea industry in China is loaded with burdensome taxes. By the Treaty of Nanking, signed in 1842, the export duty on tea was fixed at T 2.50 per picul, being about 10% of the value. This tariff was in operation for sixty years, for it was only in 1903 that the levy was reduced to T 1.25 a picul. But, what is still worse, the price of tea has fallen off since 1842, and as a result tea has all the time been bearing a much heavier export duty than that stipulated. In addition to the export duty tea has to suffer a number of small taxes, which are imposed on it during its transit from the region of production to the shipping port, and which average over T 2.50 per picul. In India no tax is put on the production of tea and it is only since March 1, 1916, that Indian tea has been liable to an export duty of 2s per 100 lbs.,<sup>1</sup> which at the average rate of exchange for 1916 is equivalent to about T 0.80 per picul—a lower duty than the Chinese export levy alone. The Chinese Government is far from being indifferent to the continued decrease of the tea traffic and is thoroughly convinced of the advisability of relieving the industry of the harassing taxes, but owing to its urgent need of revenue it cannot go very far. From November, 1914, the export duty on leaf tea was lowered from T 1.25 to T 1 per picul. This reduction, however, does not help teas

<sup>1</sup>It is true that since 1903 a Customs duty of 1/48 d. per lb. has been collected on all tea produced in India and exported therefrom, but this insignificant levy is for advertising purposes, because the proceeds are turned over to a Tea Cess Committee to encourage the sale of Indian tea.



of finer qualities; and as for inferior ones, which constitute the major part of the trade, the duty is still much too high, and when added to the *likin* it precludes all possibilities of their competing, under ordinary circumstances, with the unburdened teas of India and Ceylon. If the Chinese tea trade is to keep pace with the consumption of the world, if not to regain its old position of predominance, the heavy load of duty and *likin* must be entirely abolished, or at least greatly reduced.

Secondly, Chinese tea is delicate in flavor and has not the strong infusion which we find in the Indian and Ceylon teas, which, although more deleterious, are preferred by most tea-drinkers of the West. "The English taste has become so thoroughly perverted and insensible of the delicacy and cleanness of flavor characteristic of China tea, that the market can never be recovered even by reduced price."<sup>1</sup> Thirdly, Indian tea is produced on a large scale by means of scientific methods, while in China tea is grown mostly by small individual cultivators, who work everything by hand. It is encouraging to learn that tea merchants in China are beginning to manufacture tea on modern lines so as to appeal to foreign taste. Finally, Chinese merchants generally do not make any special effort to pack their teas in such a way as to attract the eye and they do not advertise them. Teas from India and Ceylon are advertised everywhere in all sorts of ways. Being thus handicapped, how can China compete with India, Ceylon and the other countries in the tea trade of the world?

*Silk*: From time immemorial Chinese silk has been known for its quality, and even today there is no better silk in the world than that produced at Wusieh in the Yangtse Valley. Silk alone is today contributing a very much larger share

<sup>1</sup> Morse, *Trade and Administration of China*, p. 301.

than any other single product that constitutes the export trade of China; tea, which used to be in the lead, is now far behind. In 1867 silk accounted for 34%, while tea for 59% of all exports, but in 1913 when silk contributed 26%, tea shared only 8% of the whole; and in 1917 the proportions were: silk 23%, and tea 6%. Silk shipments to Europe commenced early and by the beginning of the last century they became fairly large. The average annual export to England was 4,314 pls. in 1828-1833; this rose to 9,998 pls. in the years 1833-1837. Then after a period of interrupted trade it dropped to 1,664 pls. in 1839-1844; but with the signing of the Treaty of Nanking and the consequent opening of China to foreign trade, the yearly shipment jumped to 14,923 pls. during the period 1845-1850. The trade continued to grow and by 1860 the export of raw silk (white, yellow, and wild) accounted for 72,250 pls., valued at T 23,804,284, in addition to a small amount of woven silk, cocoons, and waste silk. Since then raw silk exports have been as follows:

Year	Quantity			Value
	White and Yellow	Wild	Total	
	Pls.	Pls.	Pls.	Hk. T
1867. . . . .	39,627	5,563	44,990	16,372,518
1886. . . . .	64,488	12,554	77,042	19,210,052
1913. . . . .	119,344	29,662	149,006	73,500,675
1917. . . . .	107,584	18,236	125,820	79,148,603

The shares of the other silk products exported, except those unclassified, have been as follows: #

Year	Cocoons		Waste Silk <sup>1</sup>		Woven Silk <sup>2</sup>	
	Quantity	Value	Quantity	Value	Quantity	Value
	Pls.	Hk. T	Pls.	Hk. T	Pls.	Hk. T
1867 . . . .	573	39,598	2,632	113,924	4,129	2,234,887
1886 . . . .	5,387	350,482	45,540	2,271,996	12,486	6,753,939
1913 . . . .	25,469	2,328,098	142,909	7,318,509	34,500	20,873,778
1917 . . . .	33,623	1,857,501	142,635	7,180,448	30,209	17,229,766

From the above tables it will be observed that China's total exports of silk, not including a small amount of unclassified silk products,<sup>3</sup> have steadily advanced from 52,324 pls., with a value of T 18,760,927 in 1867, to 140,455 pls., with a value of T 28,586,469 in 1886, and further to 351,884 pls., with a value of T 104,030,060 in 1913, giving an increase during the forty-seven years, 1867-1913, of 572½% by quantity, and 455% by value. In 1917 the quantity exported fell to 332,287 pls., but the value rose to T 105,416,318.

However, the rate of progress of the Chinese silk trade has been slower than that experienced by the other silk-producing countries, particularly Japan. At one time China set the world standard not only for tea but also for silk. She it was who had the sole control of the silk supply of the West and for fifty years provided fully half of the trade. Today China is only a poor second among the silk-producing nations of the world; the premier position is now occupied by Japan, whose silk did not enter the world market until 1860, when 6,248 pls. were shipped through Shanghai. In 1872 the export of silk and its products from China totalled £10,373,000 sterling, while that from Japan was

<sup>1</sup> Including refuse cocoons.

<sup>2</sup> Piece goods and pongees.

<sup>3</sup> The value of unclassified silk products exported was T 256,910 in 1886, T 844,754 in 1913, and T 757,679 in 1917.

merely a little over 17% of this sum, being £1,830,000. In 1899 China sold £12,359,000 worth; Japan, £8,900,000. But by 1905 Chinese exports were £10,588,000 as against Japan's £11,600,000, and in 1913 they amounted to £15,840,000, representing only 63% of the Japanese trade, which was £25,300,000. The figures for 1915 gave China £13,072,000 and credited Japan with £20,425,000. In 1909 the Chinese share of the world trade in raw silk was 30% as compared with 34% held by Japan; five years later China contributed only 26%; her neighbor, 44½%.

The slow progress of the silk trade of China is to be attributed chiefly to the absence of scientific methods of cultivation and preparation, which have proved so successful in Japan, Italy, and France. The adoption of scientific remedial measures in Japan and in Europe has resulted in checking the disease of the silk worms as well as in improving the quality of the silk there. On the other hand, China's failure to take similar action has caused the destruction of a considerable number of her silk worms before they attain the spinning stage, besides affecting both the weight and quality of a large percentage of the cocoons. During recent years, however, the Chinese have taken various steps to reorganize their silk industry along modern lines, with a view to restoring it to its former standing in the world market. When the scientific methods are fully introduced there will be no doubt about the development of China's export trade in silk, which can be easily doubled. Chinese silk is known for its quality and "the hardy constitution of the Chinese worm has been proved by its survival under conditions that would have killed off a less robust race. The Japanese silk is inferior in tensile strength and durability, and could not compete on equal terms with healthy Chinese silk." In the second place, silk in China, like its old companion-staple, tea, is loaded with *likin* and

export duties, from the like of which the Japanese silk is free. By the Treaty of Nanking in 1842 the export duty on silk was put at 5% *ad valorem*. It is true that owing to the rise in its price, silk is now paying a lower export duty than that provided by the treaty, but when the levy is taken in conjunction with the *likin* taxes it is still burdensome. These duties, like those on tea and cotton, must be abandoned or greatly reduced, if the industrial development of China is to be accelerated.

*Sundries*: The introduction of cheap oceanic freights and the search for the means of adjusting China's commercial liabilities have led to the exportation of a large number of miscellaneous articles of Chinese produce which occupied no place in the returns of the old trade. In 1867 the total sundries exported were valued at T 4,487,414, being 7% of the whole volume of exports. In 1887 they amounted to T 24,128,894 out of a total export trade of T 85,860,208, and in 1907 to T 143,560,652 out of T 264,380,697. In 1913 the export was T 264,493,963, constituting 66% of all exports, and in 1917 it rose to T 327,649,946, which was 71% of the total.

Of the sundries exported in 1867 only the following deserve our attention:

Cassia . . . . .	T 325,686
Cotton . . . . .	" 458,424
Mats and matting . . . . .	" 384,542
Paper . . . . .	" 236,936
Sugar and sugar candy . . . . .	" 472,154

Today the important items are as follows:

*Living Animals*: Living animals, composed of cattle, goats, horses, pigs, poultry, sheep, *etc.*, figured for T 889,852 in 1894, when they were first recorded as a separate

export. Previous to the War this trade had been quite active; in 1907 it amounted to T 3,756,206, and in 1913 to T 6,731,303, the export went principally to Hongkong and Russia. In 1917 the total dropped to T 4,389,582. Besides this traffic in living animals there is an export of meats, which was valued at T 3,989,921 in 1913, and T 4,727,333 in 1917.

*Beans and Beancake:* Beans, utilized in producing oil for cooking and illuminating purposes, were listed for the first time as a foreign export in 1870, but even as late as 1903 their export was only 2,615,386 pls., valued at T 5,550,344. In 1913, however, they totalled 10,325,964 pls., with a value of T 23,296,876, which was a smaller export than the two preceding years. The figures for 1917 were 10,007,856 pls., with a value of T 19,602,549. Beancake, the by-product of beans from which oil has been extracted, first appeared in the *Trade Reports* in 1894, when 510,559 pls., with a value of T 508,136 were exported. In 1907 it was sold to the extent of 4,182,009 pls., valued at T 9,148,310; and the year before the War the export rose to 11,818,443 pls., with a value of T 24,962,787, while in 1917 it was 15,512,739 pls., valued at T 23,758,075. Practically all the beancake shipped out from China goes to Japan as a fertilizer, while a large proportion of the beans exported is taken by Russia and Japan.

*Bristles:* The export of bristles was first recorded in 1894, with 18,378 pls., valued at T 567,221; it advanced to 52,715 pls., with a value of T 4,435,336 in 1913, while in 1917 is jumped to 64,181 pls., valued at T 6,171,638. Great Britain and the United States are the two chief importers of this article.

*Cereals:* The trade in cereals, chiefly wheat, was first separately classified in 1910, and previous to the War it had been showing progress. In 1913 it contributed T 9,513,947

to the export total; but in 1917 the shipment was only T 5,754,669; this was, however, almost double the export for 1916.

*Raw Cotton:* China stands third among the cotton-growing countries of the world,<sup>1</sup> although she also imports a small quantity of foreign cotton. In 1867 while cotton was exported to the extent of 29,391 pls., with a value of T 458,424, it was imported from India, chiefly into Canton, to the amount of 336,072 pls., valued at T 5,164,392. In 1897 the export rose to 493,139 pls., worth T 7,393,456, while the import dropped to 160,256 pls., worth T 2,260,191. In 1913 the outward shipment reached 738,812 pls., with a value of T 16,235,604—smaller both in quantity and in value than the three preceding years, owing in part to the demand of the local mills—while the import was 133,255 pls., valued at T 2,984,022, the quantity exported being over 5½ times the quantity of foreign cotton imported. The figures for 1917 were: 832,463 pls., worth T 20,035,862 for the export, and 300,128 pls., worth T 6,406,224 for the import. More than three-fourths of the cotton sent out from China is imported by Japan, where no cotton is grown. China possesses a suitable climate and soil for raising cotton and she ought to contribute a larger share to the world supply of an article which is none too abundant to meet the increasing demand.

*Cotton Goods:* In recent years great progress has been made in the spinning and weaving industry in China. At

<sup>1</sup> In 1915 the Ministry of Agriculture and Commerce reported that there were in China a total of 27,500,000 *mow* (4,592,500 acres) under cotton, with an estimated yield of 1,630,500 pls. of clean cotton. However, foreign experts consider it conservative to put China's average cotton crop at 2 million bales of about 4 pls. each, while that of the United States, which holds the premier position, is placed at between 13 and 14 million bales, and that of India, which ranks second as a cotton producer, at about 4 million bales.

the beginning of 1916 it was stated in an official report that there were 30 cotton mills in the country, operating 1,029,218 spindles and 4,610 looms, with a number of projects for increased extensions. The capacity of the mills was then estimated at 800,000 bales of yarn and 1,383,000 pieces of 40 yards. Since then further advance has been made and the Chinese mills are competing more and more strongly every year. Cotton goods as a distinct group did not appear in the *Reports* until 1913, when the export was to the value of T 2,594,300, a sum which was raised to T 4,916,150 in 1917. By far the major portion of the shipment of cotton goods consists of nankeens (T 2,358,551 in 1913, and T 2,912,371 in 1917), which were already sent to the West in considerable quantities during the eighteenth and the early nineteenth centuries. The export of cotton goods is now destined chiefly to meet the demand of Chinese residents in the East Indies.

*Eggs:* The export of eggs (fresh and preserved) was not individually recorded until 1903, when the shipment was T 1,326,201, in addition to T 350,879 worth of egg albumen and yolk. In 1913 the total advanced to T 2,788,061, and the export of albumen and yolk was T 2,943,956; while in 1917 the sale of eggs fell to T 1,870,297 (not including T 448,089 for frozen eggs), but that of albumen and yolk jumped to T 11,999,684. Previous to the War most of the egg albumen and yolk exported was taken by Germany; since then Great Britain and the United States have been the principal importers.

*Fibers:* This trade, consisting of abutilon, coir, hemp, jute, and ramie, figured as an individual item, for the first time, in 1879 with 10,456 pls., although an insignificant quantity of hemp was exported in 1867. In 1913 the export of fibers accounted for 358,486 pls., valued at T 3,835,261, while that in 1917 for 522,855 pls., with a value of T 5,789,439. The export goes principally to Japan.



*Firecrackers and Fireworks:* Firecrackers and fireworks, manufactured chiefly at Canton and exported mainly to supply the United States with the means to celebrate the Fourth of July, were credited with 16,186 pls., valued at T 128,218 in 1867. The export in 1913 was 155,578 pls., with a value of T 3,199,953, but in 1917 it dwindled to 89,994 pls., worth T 2,719,058.

*Flour:* Flour entered the export trade in 1908 with 369,445 pls., valued at T 1,341,710, and although, owing to local demand, the total dropped to 139,206 pls., valued at T 610,112 in 1913, it recovered to 830,058 pls., with a value of T 2,436,140 in 1917.

*Fruits and Vegetables:* There is a trade in fresh, dried, and preserved fruits of over 3 million taels, and one in vegetables, fresh, dried, and salted, of about a similar amount.

*Mats and Matting:* Mats and matting, which in 1867 were exported to the extent of T 384,542, rose to T 3,838,670 in 1913; but the value for 1917 was only T 2,458,828.

*Medicines:* Medicines, almost entirely to meet the demands of Chinese residents abroad, figured for T 42,852 in 1867. In 1913 the export amounted to T 3,789,058, and in 1917 to T 3,330,009—constituting a normal movement in recent years.

*Metals and Minerals:* Nature has endowed China with an abundant supply of coal, iron, and copper, besides gold, tin, lead, zinc, quicksilver and other minerals. But these resources are, as yet, practically untapped, and consequently their export is hardly a tithe of what it should be. Still, a beginning in the trade has already been made and the future will, doubtless, see great developments. The export of coal, which entered the list in 1903 with 75,773 tons, valued at T 492,561, has increased rapidly, although it is still smaller than the import of foreign coal. In 1913 the shipment was 1,489,182 tons, to the value of T 6,592,078, while

in 1917 it was 1,575,627 tons, to the value of T 6,276,559. The coal exported is taken chiefly by Japan and Korea, although there is a growing demand for it throughout Eastern Asia. Slow progress has also been made in the metal trade and the European War has caused a general increase in the exports of Chinese metals. China was the chief source in the world for antimony during the War. In 1903 the export of antimony and antimony ore combined was only 141,062 pls., worth T 375,077. The year before the War antimony, regulus, crude, and refined, was exported to the extent of 215,406 pls., with a value of T 942,519; while in 1917 the shipment of regulus and crude alone reached a total of 578,094 pls., valued at T 6,061,162. Although the quantity exported in 1917 was 56% more than that of 1916, the value was, however, only slightly over half that of the year before. This decline in value was brought about by the scarcity of tonnage and by the competition of Bolivia and other countries in supplying the European market. In 1913 the amount of antimony ore sent away was 71,924 pls., valued at T 149,991 as against 63,813 pls., to the value of T 237,702 in 1917, which was a much smaller export than that of 1916. The development of the copper trade since the commencement of the War has been remarkable. While the export was practically non-existent in 1913, the quantity sent out being only 2,091 pls., with a value of T 24,510, it attained a total of 689,823 pls., to the value of T 9,946,756 in 1917. This export went almost exclusively to Japan. Pig and unmanufactured iron, which was first recorded in 1903 with 1,485 pls., valued at T 2,743, rose to 1,071,368 pls., with a value of T 1,320,217 in 1913, and further to 2,432,904 pls., valued at T 5,288,786 in 1917. In 1913 iron ore was shipped to the amount of 4,530,160 pls., worth T 609,744; in 1917 the export jumped to 5,113,182 pls., with a value of T 1,018,479. There is also a very

small traffic in iron manufactures. The quantity of tin (in slabs) sold in 1903 was 41,527 pls., valued at T 2,034,717. In 1913 it was 138,688 pls., valued at T 10,916,906, and in 1917 the export was 196,327 pls., with a value of T 12,204,877. In addition to the above a small trade is being carried on in such metals as lead, zinc, and quicksilver.

*Oils:* There is an important trade in expressed oils from beans, peanuts, wood, *etc.* In 1887 this export had a total of T 288,047. In 1913 the shipment of bean oil alone was valued at T 3,732,012; of peanut oil at T 2,832,998; of wood oil at T 4,001,503; and of other kinds at T 847,679; while in 1917 the figures rose to T 18,196,125 for the first item, T 5,189,839 for the second, T 4,835,908 for the third, and T 1,499,860 for the last. Essential oils, mainly aniseed oil, were exported to the extent of T 177,935 in 1887; the year before the War the export reached a total of T 1,194,903; but in 1917 it was only T 847,040.

*Paper:* Paper was credited with T 236,936 in 1867, T 3,182,861 in 1913, and T 3,203,082 in 1917; the export went principally to supply the demand of the Chinese living in foreign countries.

*Oil Seeds:* The trade in oil seeds is of importance only in comparatively recent years; but since the War it has fallen off considerably. The export of cotton seed in 1903 was T 470,887 as compared with T 222,350 in 1913, and T 459,282 in 1917. Rape-seed shipments rose from T 318,332 in 1903 to T 1,942,480 in 1913, and then dropped to T 1,590,833 in 1917—the smallest export since 1911. Sesamum seed, which figured for T 2,029,996 in 1903, reached a total of T 12,372,194 in 1913; but in 1917 the export was only T 1,000,536. Other kinds of seeds, such as linseed, melon and apricot seeds, are also exported. Furthermore, seed-cake was sold to the value of T 410,346 in 1903 as against T 1,410,849 in 1913, and T 1,515,544 in 1917.

*Skins and Hides:* The trade under this heading is becoming increasingly valuable and has great possibilities in store. There was an insignificant shipment of cow hides and sheep skins in 1867; in 1870 the export of all kinds of hides accounted for T 63 and of all kinds of skins for T 4,674; in 1887 the values were T 828,206 and T 652,172 for hides and skins respectively. In 1913 the sale of undressed skins and hides, chiefly of cow, buffalo, and goat, totalled T 19,789,254; of dressed skins, T 1,127,649; of skins, dressed and made up, T 1,252,462; and of dressed and undressed furs, T 1,609,028. In 1917 the first item contributed T 27,008,288; the second, T 629,949; the third, T 691,971; and the fourth, T 927,723. Of the export of undressed skins and hides in 1913 over a quarter went to the United States, the rest being imported principally by France, Germany, Italy, Belgium and Great Britain. In 1917 the American share advanced to approximately three-fifths of the total export, while Japan was the second best customer with a very much smaller purchase. In addition, there is an export of leather, which only amounted to T 593,280 in 1913, but which jumped to T 3,060,050 in 1917.

*Straw Braid:* Owing to Japanese competition the trade in straw braid is fast dwindling away. The export was 1,361 pls., valued at T 31,100 in 1867, and attained its maximum in 1911, when with 120,758 pls., the value was T 10,293,446; in 1913 it fell to 101,037 pls., valued at T 5,074,043, and in 1917 it was only 40,524 pls., to the value of T 2,406,683.

*Sugar:* In the early days the export of sugar far exceeded the import, and even as late as 1887 we find that the export was 766,942 pls., with a value of T 1,869,583 as against an import of 271,718 pls., with a value of T 1,199,162. Since then the export has made no progress, while the

import has increased by leaps and bounds. In 1913 the export was 277,545 pls., valued at T 630,352 as compared with an import of 7,264,987 pls., valued at T 36,463,491; while in 1917 the figures were 461,368 pls., to the value of T 1,537,224 for the export, and 6,322,956 pls., valued at T 44,929,118 for the import.

*Tallows:* There is a growing trade in animal and vegetable tallows. In 1903 the export amounted to T 1,609,176; in 1913 it rose to T 3,542,648, while in 1917 it reached the sum of T 5,710,927.

*Timber:* The export of timber (hard wood, soft wood, and poles) was not separately enumerated until 1903, when the shipment was to the extent of T 1,400,680. In 1913 the value was T 2,406,635, and in 1917 it was T 2,104,355. The export is, however, less than half the value of the import of foreign timber.

*Tobacco:* In 1867 a very small quantity of tobacco, leaf and prepared, was exported, and even as late as 1887 the export accounted for only T 586,051. But in 1913 the total rose to T 2,555,874, while in 1917 it was T 3,532,138.

*Wool:* The export of wool, which was insignificant in 1867, advanced to T 460,093 in 1887, and T 4,531,013 in 1907. In 1913 the trade further increased to T 6,656,445, and in 1917 it attained the total of T 12,300,452. By far the greatest part of the export consists of sheep's wool, which in 1913 contributed T 5,487,543, and in 1917, T 10,533,020; the remainder is made up of camels' wool and a small amount of goats' hair. The export of sheep's wool is mostly taken by the United States and to a much less extent by Japan; while that of camels' wool goes principally to Great Britain. Like the export of skins and hides, the trade in wool is capable of great expansion.

So much for the chief items of the export list. It must not be forgotten, however, that just as in the case of im-

ports, there are still many lines in the export trade that are undeveloped and offer great opportunities to the far-sighted merchant.

#### MOVEMENT OF TREASURE

It has already been stated that the movement of treasure in the early days was very large. Even so late as 1859 the import of treasure into Shanghai alone was T 10,483,550, and the export, T 4,246,067, although imports and exports of merchandise at that port during that year were about equal. Again in 1860, when exports from exceeded imports into Shanghai, the inward shipment of treasure totalled T 15,201,277, while the outward was credited with T 1,742,510. Since the sixties, however, banking facilities in the Far East have undergone a great development and today the movement of treasure is comparatively small, although the trade has increased manifold. In 1903, for example, when imports of merchandise exceeded exports by T 112,386,666 the movement of treasure for the whole country amounted to only T 27,458,295 inwards, and T 32,946,024 outwards. In 1913, with an excess of merchandise imports over exports of T 166,857,011, the import of treasure was T 58,785,480, of which T 20,917,063 was from Hongkong and Macao, T 19,881,149 from Europe, T 7,917,318 from Japan, including Formosa, T 5,566,693 from America, and T 3,958,998 from India, including Burma, *etc.*; while the export totalled T 24,198,045, of which T 13,170,402 was to Hongkong and Macao, T 6,010,179 to Europe, T 3,535,560 to India, T 584,242 to Japan, T 526,933 to Siam, and only T 14,311 to America. In 1917, when merchandise imports exceeded exports by T 86,587,144, the shipments were T 41,405,803 inwards, and T 53,514,991 outwards. Of the former, T 19,741,786 was from Japan, T 10,934,992 from Hongkong and Macao,

T 7,657,201 from America, T 1,434,666 from Saigon and Tongking, and T 603,780 from India. And of the latter, T 30,187,140, practically all in silver, was to India, T 13,-244,315 to Hongkong and Macao, T 3,900,987 to Vladivostock, T 2,919,566 to Japan, T 1,399,347 to Saigon and Tongking, and T 1,015,217 to Europe. It must be stated that whatever degree of accuracy the statistics of the treasure movement may have is greatly vitiated by the fact that all shipments to and from Hongkong, the financial center of South China, are treated as foreign.

#### BALANCE OF TRADE

For the purpose of completing our survey of the foreign trade of China it is necessary to ascertain how China adjusts her balance of trade with the outside world. In view of the very common misconception, both in China and abroad, regarding the balance of international indebtedness, it would not be amiss to explain the subject somewhat in detail. Seeing that year after year the Customs statistics of China have shown a large preponderance of imports over exports, many Chinese, including even the editors of certain newspapers, infer that foreign trade is impoverishing China and draining the country of its silver.

The "balance of trade," as is well known, is a term which originated with the Mercantilists and denotes the difference between imports and exports. The Mercantilists endeavored to promote exports and restrict imports so as to obtain an excess value of the former over the latter, known as a "favorable" balance of trade, which must eventually be paid for by bringing in the precious metals, thereby augmenting the wealth of the country. Similarly, a surplus of imports over exports was called an "unfavorable" balance of trade, and since this excess required the sending out of coin or bullion, its effect upon the prosperity

of the country was injurious. Notwithstanding the fact that Adam Smith long ago exposed the fallacy of the Mercantile theory, and economists since his time have again and again re-echoed his contentions, by showing that money is an article of trade like any other article and that it would enter a country if there is a demand for it, a popular impression still exists that an excess value of exports over imports is good, while the reverse is bad. This common misconception about the relation between foreign trade and general prosperity has caused much commercial rivalry between nations, which is a strong provocative of war.

From the modern point of view, however, the so-called balance of trade is irrelevant in itself. A country's imports may be greater than its exports, or *vice versa*, but we cannot on this account alone derive any general conclusion regarding its prosperity. The favorable or unfavorable trade balance, in economic parlance, does not necessarily mean something favorable or unfavorable to a nation, although in China's case the nominally unfavorable has really been unfavorable to her. For instance, in 1913, Great Britain, with an excess of merchandise imports over exports of £133,914,413, had imports of gold and silver exceeding exports by £11,886,560; while during the fiscal year ending June 30, 1913, the value of merchandise exports of the United States exceeded that of its imports by \$652,875,915, and yet there was an excess of gold and silver exports over imports of \$38,914,392. A surplus of merchandise imports in Great Britain and one of merchandise exports in the United States are the normal conditions of trade. This phenomenon is to be explained by a proper consideration of the other factors of international indebtedness such as the interest on foreign investments, and payments for freight and insurance—the so-called invisible exports and imports. The essential thing to remember is that goods are exchanged



not only for goods, but also for services, and that any discrepancy in the movement of goods may be corrected by the performance of services, for which there must be remuneration, as well as by the shipment of gold and silver.

Turning to our topic proper we find that a century ago the exports of China greatly exceeded her imports, and the excess was invariably paid for by the importation of a large quantity of silver. In those days China wanted very little which the foreign traders could supply, and for a long time the problem had been to secure the means of paying for the export of Chinese produce without draining the Western nations of their silver. But by 1831 the entire situation was reversed. In that year, owing to the astounding growth of the traffic in opium, the trade balance of China became adverse, and thenceforward the value of imports has, save in a few instances, exceeded that of exports. This divergence between imports and exports has been greatly aggravated by the rapid increase of the foreign debt of China since the conclusion of the war with Japan in 1895. The major portion of this indebtedness has been incurred for the purpose of paying the heavy indemnities exacted by the powers for conducting aggressive wars against the country, and as such it is a dead weight to China from which she derives no benefit whatsoever. The existence of loans necessitates the payment of interest and amortization. The chief means of doing this is through the export of Chinese goods, and with the orgy of piling debt on debt, the problem today is to find increasing quantities of Chinese produce with which to buy foreign imports, in order that the international commercial equilibrium may be maintained without bankrupting the country. In the long run exports must pay for imports, and, although the surplus of imports into China is still very large, such a process is more and more in evidence.

In 1913 the balance sheet of China in her international exchange showed the following liabilities and assets:

*Liabilities:* By far the most important item of China's liabilities is the total volume of visible imports, which were valued at T 570,162,557 for merchandise, and T 58,785,480 for bullion and coin. In the second place, there is the annual charge for principal and interest of loans and indemnities, amounting to T 58,000,000 in 1913. The invisible liabilities may be summarized as follows: China spends for the maintenance of her legations and consulates abroad an estimated amount of T 2,000,000, to which must be added a further sum of T 3,000,000 expended by Chinese students and travelers in other parts of the world. Then we have T 20,000,000 for the net profits of foreigners in China remitted to their home countries. Finally, there are the net freights and net premiums of insurance (fire and marine) collected by foreign companies to the amount of T 10,000,000. Thus estimated the liabilities total T 721,948,037.

*Assets:* During 1913 the entire value of merchandise exported was T 403,305,546, and that of treasure shipment was T 24,198,045, constituting a visible outward movement of T 427,503,591. Of the invisible assets the following may be noted. First, we have an unrecorded trade across the land frontier of China in which the excess of exports over imports is put at T 4,000,000. Secondly, there is an item of T 20,000,000 coming from abroad in the form of funds for the development of railways, mines, etc. These sums are spent in China, and for the present they form an asset to the country, although in some future time they will be a liability, for eventually the Chinese will have to repay them. Then foreign nations spend in China for the maintenance of their legations and consulates an amount calculated at T 7,000,000; they also expend T 9,000,000 on their garrisons; T 20,000,000 on their vessels of war, including

the money spent by the crews; T 20,000,000 on their merchant vessels and on the repairs to the same, again inclusive of the money spent by the crews; and T 10,500,000 on their missions, hospitals, and schools, besides a sum of T 10,000,000, representing the expenses of foreign tourists and travelers in China. But the most important invisible asset is the stream of remittances from and money brought in by the millions of Chinese emigrants to the East Indies, the Malay Peninsula, Indo-China, Siam, India, Australasia, America, Hawaii, Japan, and Formosa (since 1895); the estimate for this item is T 77,000,000 annually.<sup>1</sup> Then there is the new capital invested by foreigners in the trade, mainly in the shape of floating cargo, to the amount of T 50,000,000; and lastly, we have the new capital invested in the building-up of the treaty ports, a sum of T 30,000,000. This gives us a total of T 685,003,591 for the assets of China in her international exchange.

According to the calculation we have a balance of about T 37,000,000 against China to be accounted for. But in judging any attempt to balance the trade of China in 1913 we must remember that that year was one in which conditions were unfavorable to the export trade, while the import trade stands highest on record, exceeding the value of exports by 167 million taels, thereby leaving a very large deficit to be accounted for indirectly—a task which is almost insurmountable in view of the many complicated problems involved and of the lack of reliable data, for with the exception of the Maritime Customs, statistics in China are still in their infancy. Furthermore, Chinese exports are usually undervalued as compared with foreign imports. While the value of imports is c.i.f., that is, the value at the

<sup>1</sup>In 1910 H. B. Morse, who made the Estimate for the Chinese Maritime Customs in 1903, put the figure at T 100,000,000. Cf. G. H. Blakeslee (ed.), *China and the Far East*, p. 107.

time of leaving the importing vessel and previous to the addition of the charges collectible on them by official or commercial China; that of exports is f.o.b., or the value at the time of reaching the exporting vessel, and is inclusive, therefore, only of the dues payable on Chinese soil. The figures for the invisible assets and liabilities<sup>1</sup> are conjectural, and are advanced only for the purpose of showing how China settles her large adverse balances with very little movement of treasure.

<sup>1</sup> The values of the different invisible liabilities and assets are taken from the Customs Estimate of 1903 (*China: Returns of Trade and Trade Reports*, 1904, pt. i, p. xvi), the Customs Estimate of 1909 (*China: Ret. of Tra. and Tra. Repts.*, 1909, pt. i [A] p. 52), and the Estimate for 1912 given by S. R. Wagel in his *Finance in China* (Shanghai, 1914), p. 473.

## CHAPTER VII

### SUMMARY AND CONCLUSION

The foreign commerce of China, as we have seen, dates back to a most distant period. From time immemorial the Chinese have been preeminently a trading people. Even as early as the first century of the Christian era they carried on an active exchange in silk and other products with the Roman Orient. Originally they were not exclusive, but, on the contrary, assumed a remarkably liberal attitude toward foreign intercourse, such as has been shown by no other nation in the world. They welcomed embassies from neighboring countries and despatched missions abroad to foster trade and other relations. The portals of the Kingdom were thrown wide open to all aliens, regardless of calling, profession, and creed. There was neither closing of markets nor imposition of restrictions on the practice or propagation of exotic faiths. Foreigners were admitted everywhere, and even high official positions were open to strangers from afar. The whole policy was one of complete toleration and genuine hospitality, of "open door" in the truest sense of the term. This attitude continued throughout ancient and mediæval times—the period in which all aliens who voluntarily resorted to China's dominions respected her laws and conformed with her institutions.

With the coming of the modern era, however, the situation was entirely transformed. At the commencement of the sixteenth century we witness the arrival of pioneers from Europe. These representatives of so-called peaceful

commerce were no better than pirates, for, unlike their pacific Arab predecessors, they introduced themselves to the Chinese by harrying the coasts of the Empire and plundering whatever valuables came their way, by committing unprovoked murders, rapine, and countless deeds of violence as well as setting at defiance all principles of propriety and humanity. This atrocious conduct of the unwholesome specimens from the Occident compelled China to abandon her original generous attitude in all affairs touching aliens and to replace it by a rigid policy of surveillance and exclusion. This was, doubtless, a most radical change, but it was forced on China by the outsiders. As time went on, the new policy, instead of losing strength, was pursued with added vigor, for during later intercourse the westerners, who ought to have done something to correct the extremely bad impression created by their forerunners, continued to look upon things Chinese with a mien of offensive superiority, to disregard systematically Chinese laws and regulations, and to vindicate whatever they thought to be right by a ready appeal to brute force.

Under the "closed-door" régime all kinds of barriers were put up against foreign intercourse. The external trade of the country was subjected to oppressive taxation and other onerous conditions; and from 1757 to the middle of the last century it was permitted at no other place than the port of Canton. Quite naturally these restrictions proved very annoying to the foreign traders, more particularly to the British, whose trade preponderated. They generated a great deal of ill-feeling and hatred between the Chinese and the foreign community at Canton, and led to frequent disturbances, which culminated in open hostilities with Great Britain, when the English tried to force upon China that vitally important branch of their trade with the Orient—the immoral and illegal traffic in opium. In the

Opium War—as the conflict is called—China was defeated. England, acting under the impulse for free trade at the time and feeling the urgent need of foreign markets for her surplus production, as a result of the Industrial Revolution, coerced China to sign the Treaty of Nanking in 1842, by which the latter was opened to foreign trade under terms prescribed by the former. The old restrictions on foreign intercourse were removed, while freedom of action and increased facilities for trade were conceded. Henceforward the alien in China was to enjoy, and he still enjoys, a superior status guaranteed by written compacts. This marks the beginning of the conventional period in China's international relations.

The new régime, however, was only another artificial and precarious system of regulating intercourse. It proved most vexatious to China, as it would be to any self-respecting nation. It did not create better relationships between China and the West. The outrages which the Chinese suffered at the hands of the Europeans were not forgotten and the old rancor towards the foreigner remained smouldering, only to be kindled into a flame with the weakest draught. Under such circumstances it would require much conciliation and great forbearance before friendship could replace hostility and foreign intercourse be welcomed and encouraged, instead of being a thing to be tolerated and dreaded. Most unhappily, however, no attempt at appeasement has ever been made since the commencement of the treaty period. On the contrary, the foreigner has assumed an increasingly domineering air and has constantly refused to treat the Chinese on a footing of equality even on their own soil. During the last three-quarters of a century the policy of the different nations in China has been one of greed and aggression, not of mollification and consideration. They have extorted heavy money indemnities from

China for acts of their own provocation, earmarked for themselves "spheres of influence" within her undisputed territory, and, under all sorts of pretexts, coerced her to agree to valuable "leases" and concessions, besides obtaining many far-reaching rights and special advantages—all to the utter derogation of her sovereignty and in flagrant discrimination against the interests of the Chinese people. By these later exactions the rights secured in 1842 have been greatly strengthened and multiplied, so much so that the position of the alien in China today is a highly dominating and privileged one, such as does not exist in other lands.

So the last seventy-five years of continuous intercourse have abundantly confirmed the old belief of the Chinese that the chief interest of the foreigner in China is one of money-making and land-grabbing. During this period China has learned the bitter lesson that, inasmuch as the powers that claim to be leaders of Christianity and of modern culture have invariably resorted to superior force for the accomplishment of their will, Western civilization is largely destructive of civilized life itself; and that until China has attained military and naval efficiency she can expect no equal treatment from outsiders.

By the various treaties of "amity and commerce," as the conventions which the Chinese were forced to sign are called, China was stripped of two of the fundamental attributes of sovereignty, the two main divisions of practically all international agreements, to wit, the jurisdiction over the person and property of foreigners within her dominions and the regulation of her commerce with the outside world. Let us briefly examine each of these and see how it affects foreign intercourse in general and foreign commerce in particular.

Among the treaty stipulations the most important is that of extraterritoriality. By it the foreigner is everywhere withdrawn from Chinese control and is rendered amen-



able only to the officials of his own government. In criminal cases he is judged according to the criminal code of his own country, and it is the commercial laws of his home land also that try his civil cases. However essential this arrangement may be from the foreigner's standpoint, it is intensely galling to the Chinese. Just imagine what would be the effect on the United States if England and France were to govern their nationals in Boston and New York City through their respective consuls and pay no attention whatsoever to American laws. Doubtless such a thing would be regarded as a glaring outrage upon American sovereignty and would not for a moment be tolerated by the people of the United States. And yet that—and much more besides—is exactly what the powers have done in China and forced the Chinese to acquiesce in.

That the system should create a great dislike for the foreigner is only natural. The fact that the alien is exempt from local jurisdiction leads him to believe that he is under no obligation to observe the laws of China, including the customs, practices, and superstitions of a locality, which, although unwritten, are, nevertheless, obligatory on every resident within the community. Some of these customs and practices appear peculiar and even ridiculous to the foreigner, who, because of their absurdity, whether apparent or real, usually treats them with contempt. But such disrespect gives rise to local ill-feeling; and the insult is most keenly felt, owing to the intimate relationship between the customs and the locality. Moreover, the alien in China enjoys a special protection, which is not accorded to the natives. While he is not amenable to any Chinese tribunal, China has always been held absolutely responsible for any injury which might be done to his person or property, irrespective of her ability to prevent it. This strict accountability amounts to a guarantee of security, an obligation which the

powers do not recognize in their intercourse with one another. If in countries where extraterritoriality does not exist, such a liability is not assumed by the territorial government, how unjust it is to compel China, where aliens are altogether outside of her jurisdiction, to do so.

Furthermore, under the ægis of extraterritoriality, offences perpetrated by foreigners against natives often go unpunished or escape without the deserved penalty. In mixed cases in which the plaintiff is a Chinese, the consular officer, who is sent to China to protect his compatriots, is apt to be prejudiced in favor of the latter and cares little, if at all, whether the settlement is satisfactory to the complainant or not. As a defendant, the Chinese is also at a disadvantage not only because the foreigner is helped by the advocacy of his consul, but also because of the fact that for the same wrong committed in China different punishments are meted out. If the offender is an alien he is leniently dealt with by his own national laws, but if he is a Chinese he is treated with severity by the native tribunal. Again, many of the extraterritorial courts, those of the small powers in particular, are not properly administered; and the unapproved practice of sending their nationals who committed grave misdeeds in China to the home country for trial, of which the outcome is, as a rule, unknown to the Chinese party interested in the case, tends to produce the notion that such offenders have not been brought to justice.

Finally, the existence of extraterritoriality has the effect of leading the Chinese to despise their own Government. Not only have the Chinese authorities no control over the alien, but in many instances they have shown themselves powerless to offer their subjects adequate protection against foreign encroachments. The special status enjoyed by the alien is denied to the Chinese. Consequently, dishonest foreigners have found it very profitable to indulge in the illegal

practice of giving the protection of their national flag to unscrupulous natives, who, for example, pass their merchandise as belonging to their foreign accomplices in order to evade inland taxation, from which the foreigner is exempted. So, while honest Chinese merchants suffer, those who break the laws of the country with the assistance of the extraterritorialized foreigner are greatly benefited. And if the Chinese authorities manifest a tendency to protect legitimate native interests they are criticized and denounced by outsiders, as though to look after the welfare of one's own people is presumptuous and illegitimate. Thus the administration of the country is deranged and Chinese officials are humiliated in the discharge of their duties.

The spirit of extraterritoriality permeates the treaties through and through, and its presence indicates a partial sacrifice of sovereign authority by China. But if the Chinese are to enjoy any degree of independence at all it may be readily inferred that a limit must be set to the special privileges of the foreigners. In order that the system may run more or less smoothly and in order that the alien may be under the constant protection of his official, the two parties must be situated comparatively near each other. So for purposes of trade the alien in China is restricted to certain localities within the country which have been declared open to international residence and trade, although for purposes of evangelization the foreign missionary is also permitted to reside in the interior. These commercial centers are usually classified under four different heads. To start: we have the "treaty ports," which are thrown open, by the different treaties and agreements between China and the powers, as places where foreign states are entitled to establish consulates and foreign merchants are permitted to do business "without molestation and restraint." Originating with the Treaty of Nanking in 1842, these ports were five

in number; since then they have been largely increased. At some of these ports spaces are set aside as settlements or "reserved areas for residence," as at Shanghai, where the administration is in the hands of a foreign municipal council, but the power of issuing title-deeds is retained by China. At others, as at such important commercial centers as Tientsin and Hankow, there are several foreign concessions, each representing a different nationality and administered by a municipal council composed of representatives elected by the foreign taxpayers living in the concession or, in the absence of such a municipal council, by the consul of the grantee power for the exclusive benefit of his countrymen. In these foreign settlements or concessions Chinese subjects are allowed to reside, but the real estate within them is, as a rule, not open to Chinese ownership. Owing to the jealousy among the powers the tendency in recent years has been towards the separation rather than the amalgamation of concessions.

Although the foreign settlement in a treaty port represents no transfer of territory by China, and, therefore, remains subject to her sovereignty, yet some of the larger states have interfered with the legitimate exercise of her territorial jurisdiction there, and at other places in China, by the establishment of their own post-offices,<sup>1</sup> for example. With a few exceptions the alien post-offices in China date from the period of foreign aggression following the Sino-Japanese War of 1894-95. These institutions rest on no valid ground, for in none of the treaties between China and the powers do we discover a single stipulation for them. In his despatch to Secretary Hay in April, 1902, Minister Conger says:

<sup>1</sup> The total number of foreign post-offices in China is 124 distributed as follows: Japan, 49; Russia, 28; Germany (before the outbreak of the War), 16; Great Britain, 15; France, 15; United States, 1.

The foreign post-offices are being established principally for political reasons, either in view of their future designs upon the Empire, to strengthen their own footing, or because jealous of that of others. They are not established with the consent of China, but in spite of her. . . . Their establishment materially interferes with and embarrasses the development of the Chinese postal service, and is an interference with Chinese sovereignty.<sup>1</sup>

The Chinese postal system has long passed the experimental stage. Ever since its inauguration in 1896 it has made rapid progress and accomplished wonderful results, in spite of many impediments.<sup>2</sup> The service today is satisfactory and efficient, a fact which was signalized in March, 1914, by China's entry into the Universal Postal Union, the membership of which implies the competency to undertake Union obligations and responsibilities. In view of this situation the continued existence of the foreign post-offices in China is unnecessary and can only serve as a monument of injustice to the Chinese people. They should be withdrawn speedily in order that full postal autonomy on Chinese soil may be restored to the rightful owner.

Furthermore, there exists in the foreign settlements of China a disposition among the foreign community to assume a constant air of patronage and proprietorship, and to regard the Chinese residents within them as being there by sufferance. This has proceeded so far that in Shanghai, the great emporium of China, there is a park at the entrance of which is displayed the disgraceful sign: "Chinese and dogs not admitted." Is such a thing imaginable anywhere else on earth? Incredible as it may sound, that is, nevertheless, the treatment extended to the Chinese people by

<sup>1</sup> *U. S. For. Rel.*, 1902, p. 225.

<sup>2</sup> *Cf.*, *The New Atlas and Commercial Gazetteer of China*, pt. ii, pp. 160-164; *The China Year Book*, 1916, pp. 243-270.

the representatives of the great powers of the world, which have arrogated to themselves the title of the leaders of modern Christianity and civilization. If the foreigners persist in treating the Chinese as inferiors, how is it possible for them to expect permanent good relations and much commercial expansion in China? Outrages like this are maintained by the mailed fist. Will it require another mailed fist to remove them? We earnestly hope not.

So much for the "treaty ports." Somewhat akin to the treaty ports are the ports voluntarily opened to international trade by China herself, such as Chinwangtao in Chihli, Santuao in Fukien, Yochow in Hunan, and Tsinan Fu in Shantung. Here both foreign and Chinese merchants are equally privileged to lease land within the limits of the port, which are fixed by the Chinese Government. But these places have not been put on the same footing as the treaty ports, for, to quote a provision from the regulations for one of them (Tsinan Fu), "the control of all affairs therein shall pertain entirely to China; foreigners must not interfere." This is the view held by the Chinese authorities, but the powers have maintained a different opinion on the subject; the latter insist that the stipulations as regards the regular treaty ports are also applicable to the voluntarily opened ports.

Then we have the ports situated in the territories "leased" to certain treaty powers by China, such as Kiaochow to Germany, Port Arthur to Russia, Kwangchowwan to France, and Weihaiwei to England. These districts were leased primarily for political reasons. Being important strongholds they possess a high strategic value, which enables the lessee governments to preserve their balance of power in China. However, the leased areas have also a commercial purpose for their existence, and are usually opened to international trade and residence. "The precise

position of foreign merchandise in such leased ports depends primarily upon the nature of the relationship in which the territory encompassed within the ports stands with the sovereign of China."<sup>1</sup>

Lastly, there are the ports of call, which are stages established along the great rivers, where "steamers shall be allowed to touch for the purpose of landing or shipping passengers or goods," but where "foreign merchants will not be authorized to reside or open houses of business or warehouses."<sup>2</sup> There are now twenty-five ports of call in China, nine on the Yangtse and sixteen on the West River. As for the ports and places opened to foreign trade by treaties or by the Chinese Government on its own initiative, which comprise the first three classes, the number is eighty.<sup>3</sup>

<sup>1</sup> Koo, *Status of Aliens in China*, p. 252.

<sup>2</sup> Chefoo Convention, 1876, sec. iii, art. i.

<sup>3</sup> Cf. appendix vii. In addition to these four kinds of commercial ports we may mention the legation quarter at Peking wherein each power stations a permanent guard for the security of its legation. According to Article VII of the Final Protocol of 1901 "le quartier occupé par les légations fût considéré comme un quartier spécialement réservé à leur usage et placé sous leur police exclusive, où les Chinois n'auraient pas le droit de résider, et qui pourrait être mis en état de défense." Being a place for defensive purposes the legation quarter is usually not open to foreign commerce. However, the Commercial Treaty with Japan of Oct., 1903 stipulates in Article X that "in case of and after the complete withdrawal of the foreign troops stationed in the province of Chihli (for the maintenance of free communication between Peking and the sea) and of the legation guards, a place of international residence and trade in Peking will be forthwith opened by China itself." Such a withdrawal should be effected speedily.

From the Chinese point of view the establishment of foreign guards and garrisons is not a shield but a spear and until it is removed permanent good relations are not to be expected. The reason for stationing the troops and guards, which was to prevent the recurrence of the "Boxer" troubles, does not exist any longer. The Chinese people believe in what is right and reasonable and so strong is this belief of theirs that they spurn the thought that it is necessary to back up or

These ports are of all dimensions, with populations ranging from 650 at Lungchingsun in Kirin to one million at Shanghai, and they extend all the way from the arctic north to the semi-tropical south.<sup>1</sup>

Outside of the fixed limits of these commercial ports, that is, in the interior of China, the alien may travel "for pleasure" or "for purposes of trade" only when he is provided with a passport, issued by his consul and countersigned by the Chinese authorities. By the phrase "for purposes of trade" is meant that he may take imported goods from a port into the inland for sale or buy Chinese produce in the interior for shipment to a Chinese or foreign port, subject to the ordinary rules regarding transit passes.<sup>2</sup> And if he wishes to transport the merchandise in his own boat or in one chartered for the purpose he has, in addition, to secure a river pass. He is not allowed to maintain any trading establishment in the interior, including branch agen-

enforce their right by might. They use force only when they are irritated and humiliated to the utmost. So long as the powers keep their oft-repeated promise to maintain the independence and integrity of China, and refrain from committing on Chinese soil such outrages as those preceding the Boxer Rebellion, they can fully rely on the non-recrudescence of anti-foreign outbreaks and the faithfulness of the Chinese to perform their international obligations as they have demonstrated in the past. Moreover, China has shown her ability to give adequate protection to the legations during the European War, when the number of foreign troops was largely reduced.

<sup>1</sup> A detailed discussion of the status of the ports and foreign settlements in China will be found in Koo, *Status of Aliens in China*, pp. 229-265. See also E. S. Tai's monograph on *The Treaty Ports in China* (N. Y., 1918). For an admirable short history of the Provinces and the treaty ports and their trade down to 1911 cf. Morse, *Trade and Administration of China*, chapter viii. Also cf. E. H. Parker, *China*, pp. 152-176; and appendix viii. And for the port trade of China under the Republic (1911-1915) see *The New Atlas and Commercial Gazetteer of China*, pt. ii, pp. 105-156.

<sup>2</sup> Cf. *supra*, p. 175 n.



cies managed through Chinese subjects. Nor may he establish permanent warehouses there for the storage of imported goods or of native produce intended for transportation to an open port. He is further prohibited from lingering at an inland place after his business transaction has been concluded. But he may be permitted to carry on railway or mining enterprises in the interior by the special authorization of the Chinese Government. In such cases the restrictions on the ordinary alien merchant are inapplicable, and the foreigner who is given a mining or railway grant is placed under the especial protection of the Chinese authorities.<sup>1</sup>

Without doubt the imposition of the restrictions on the traffic of the foreign merchant in the inland and the limiting of his activities to those ports and places, and those only, which have been specially set aside for purposes of international residence and trade are incompatible with the unfettered development of his commercial interests in China. The system is artificial and it checks the free movement of foreign capital throughout the country, thereby blocking the industrial progress of China. Owing to the lack of a code binding upon natives and foreigners alike, the alien considers it risky for him to invest in the interior of China without invoking the support of his own government. This accounts for the fact that foreign investment in China has formed the subject matter of many a diplomatic negotiation, of which the results are detailed in the archives of the different capitals. But industrial undertakings of this type or "concessions," as they are called, have been granted by the Chinese only with the greatest reluctance. China has no jurisdiction over the alien, and in case of disputes between him and the natives he is supported by

<sup>1</sup> Koo, *op. cit.*, ch xv.

his own government, and victory is always on his side, while the interests of the Chinese are rarely, if ever, given their due consideration.

Moreover, many of the foreign enterprises in China are not *bona fide* business undertakings, but are established under the mask of private corporations by imperialistic governments for purposes of aggression. So in quite a few cases the application of foreign capital instead of leading to industrial advancement, as it ought to do, has resulted in the curtailment of certain of China's sovereign rights. Herein lies the explanation that although the Chinese have not the requisite capital to tap the hidden resources of their country, they have, nevertheless, looked upon foreign investments with suspicion and pursued the apparently detrimental policy of not letting the foreigner do more than they could possibly help. With them it is simply a question of expediency, of avoiding unnecessary complications with foreign governments which are constantly looking for a chance to file a "friendly" ultimatum at Peking. We have already stated, and we may repeat here to advantage, that the Chinese are not, as outsiders allege, hostile to all kinds of foreign investments. They oppose only those that have ulterior motives behind them; while investments which are intended solely for the legitimate returns of business are always accorded their merited welcome. A large part of the reason why the Chinese are invariably anxious to do business with the United States is because they know that American capital and enterprise in China are devoid of all political designs, and look only for the ordinary profits of investment. The absence of a mechanism by which foreign capital can be readily brought into use is much to be lamented, for China, like all developing countries, and being herself the greatest of them all, needs money and credit in abundance and offers unprecedented opportunities for investment and commercial expansion.

Under the circumstances which we have described in the preceding paragraphs the natural growth of the foreign trade of China cannot but be greatly obstructed. For this China is not to be blamed. We must remember that the various restrictions placed on the activities of the foreign merchant constitute a necessary corollary to his enjoyment of the immunities of extraterritoriality. If the Chinese Government prohibits the alien from going wherever he pleases, from holding land and establishing commercial houses wherever he chooses, it is because he insists on doing business in China without being amenable to the laws of the country. The arrangement is artificial and doubtless involves inconveniences, if not hardships, but it is the unavoidable outcome of the foreigner's exemption from the *lex loci*. For as soon as extraterritorial jurisdiction is abolished in China the whole country will be thrown freely open to the residence and trade of all foreigners. But so long as it exists, so long will the restrictions have to remain. Wên Hsiang, the Prime Minister of China, so to speak, during the minority of the Emperor Tungchih, who, according to Sir Robert Hart, was "one of the ablest, fairest, friendliest, and most intelligent mandarins ever met by foreigners," had observed the real situation when one day at the negotiation of the never-ratified Alcock Convention in 1868 he said :

Do away with your extraterritoriality clause, and your missionaries and merchants may go where they please and settle where they please; if your missionaries can make our people better, that will be our gain; if your merchants can make money, ours will share in the advantage! But retain it, and we must do our best to confine you and our trouble to the treaty ports!<sup>1</sup>

So much for extraterritoriality. Coming to the other in-

<sup>1</sup> Hart, *These from the Land of Sinim*, pp. 69, 124.

alienable right of sovereignty denied to China by the powers, namely, the regulation of her foreign commerce, we discover that China is so bound by the treaties that she is not even permitted to fix her own tariff. The rate provided is a uniform five per cent *ad valorem* on both imports and exports—a rate which China has not the slightest chance to raise and which, in practice, is never effective, as we shall see presently. Imports having paid their duty at an open port once may be re-exported duty-free to another open port within three years; and if the imported articles are intended for a foreign port they are entitled to a drawback or refund of the sum originally paid. In addition to enjoying this most moderate of existing tariffs the foreign merchant is privileged to take his imported goods to, or bring Chinese produce from, an inland market by paying a commutation tax equivalent to one-half the tariff duty, or  $2\frac{1}{2}$  per cent *ad valorem*. Having paid this “transit due,” as the tax is called, his merchandise is exempt from all “inland charges,”<sup>1</sup> which weigh most oppressively on Chinese traders. Thus China is forced to discriminate against her own subjects in favor of aliens.

In the third place, along the land frontiers of Manchuria, Mongolia, Eastern Turkestan, Yunnan, and Kwangsi, China had to concede without condition an extra rebate on the ordinary tariff duties. In the first three named places the reduction on the imports is equivalent to one-third of the regular tariff duty of 5 per centum, while in the last two the special rates amount to those of the ordinary tariff less three-tenths on imports and four-tenths on exports. There is no

<sup>1</sup>There is a controversy on this point between the Chinese Government and the foreign merchants. The former maintains that the exemption involves only the transit dues which are ordinarily collected between a port and an inland place, while the latter claim that it means freedom from all inland taxation whatsoever.

valid reason for the existence of this preferential treatment inasmuch as China has received nothing for it in return. Its removal has been under discussion since 1914 and we hope that the attempt will soon meet with success. Fourthly, foreign merchants are exempt from all local taxation at the treaty ports,<sup>1</sup> and within the "areas reserved for foreign residence and trade" all taxes are collected for the sole benefit of such special areas.<sup>2</sup> And previous to 1903 all articles which were supposed to be for the personal and household use of foreigners were admitted free of duty. This privilege, which elsewhere is granted to none except foreign ambassadors and other officials, was practised in China for over forty years and caused an enormous loss of revenue to the Chinese Government.<sup>3</sup>

Nor is this all. For, in the fifth place, the alien has the right to participate in the coasting trade and inland navigation of China. In other countries these privileges are generally reserved by the sovereign power for the exclusive enjoyment of its own subjects. Nevertheless, China was compelled to grant them to outsiders, and this not according to the tariffs and regulations imposed upon native merchants but according to rules set up by the foreigner and for the foreigner's benefit. The injustice of these concessions is further increased by the fact that those same outsiders, also, not only enjoy exceptional commercial advantages, but are invested with the immunities of extraterritoriality. The right to engage in the coast trade is clearly stipulated thus:

Chinese produce may be carried coastwise in Danish (or other

<sup>1</sup> Foreign real estate owners in a settlement are, however, required to pay a land tax to the Chinese Government.

<sup>2</sup> At Kiaochow 20 per cent of the Customs receipts went to the German Government.

<sup>3</sup> Cf. *supra*, p. 174 n.

foreign) vessels from one open port to another on paying tariff duty at the port of shipment, and coast-trade duty (the amount of which shall be one-half of the tariff duty) at the port of discharge. Chinese produce brought in from another port, if re-exported coastwise within twelve months, will be entitled to a drawback certificate for the half duty paid, and no export duty will be charged on shipment; but the half tariff duty or coast-trade duty will again be charged at the port of discharge.<sup>1</sup>

As for inland navigation, the privilege was conceded in 1858, when the Yangtse River was opened to the traffic of British steamers.<sup>2</sup> Since then the scope of this right has been widened, and today the navigation of the greater part of the inland waters of China is enjoyed by all vessels under the foreign flag. The foreign participation in the coasting and river traffic, although introducing safer and quicker methods of transportation, has, nevertheless, been injurious to Chinese shipping trade, and in particular the junk owners, and has put out of work the great number of boatmen formerly under their employ. It is encouraging to learn that much native capital has already been invested in steam-

<sup>1</sup> Danish treaty of Tientsin, 1863, art. xlv. Cf. also Regulations relating to Transit Dues, Exemption Certificates, and Coast Trade, Oct., 1861, art. iii (Hertslet's *China Treaties*, ii, p. 634); Spanish tr. Tientsin, 1864, art. xlv; Belgian tr. Peking, 1865, art. xxxiv; Italian tr. Peking, 1866, art. xlv; and Austro-Hungarian tr. Peking, 1869, art. xxx. A great coasting trade carried on in small foreign craft was already in existence for some years before it was provided by treaty (between 1850 and 1860).—Cf. A. Michie, *The Englishman in China*, i, p. 218. In the treaty settlement of 1858 no coasting trade in foreign vessels was authorized, but there is a vague provision to the effect that "if a master of any vessel in port desire to discharge a part only of the cargo, it shall be lawful for him to do so, paying duty on such part only, and to proceed with the remainder to any other ports." Am. tr. Tientsin, 1858, art. xix; Fr. tr. Tientsin, 1858, art. xxiv.

<sup>2</sup> Bri. tr. Tientsin, 1858, art. x.

ers and it is hoped that the local trade of China will be restored to the Chinese flag in no distant future.

Sixthly, aliens are at liberty to import all kinds of machinery and to use the same in all kinds of manufacturing industries at the open ports of China. The articles so manufactured are placed on the same footing as those similarly produced by Chinese subjects.<sup>1</sup> This important concession makes it impossible for China to adopt any policy which is calculated to protect her own manufacturers.

Such are the principal commercial privileges of the alien in China. In view of their far-reaching importance, however, it seems advisable to survey them a little further than has just been done. To begin with, the Chinese tariff is not a statutory but a conventional tariff, enforced by treaties with the powers and applies to all of them alike. Most of these treaties are what the jurist calls *iniquum foedus*; they were imposed upon China as the results of military defeats, and as such were drawn with little, if any, regard for the economic conditions of China, inasmuch as the primary motive of all foreign negotiators was to safeguard the interests of their own countries at all possible angles. Consequently, China was coerced into giving preferential treatment to foreigners as against her own subjects.

The tariff impost is levied on exports as well as imports. This prevents the Chinese Government from pursuing the almost universal economic policy of facilitating the export of home products, and this in a country where the balance of trade has, with few exceptions, been "unfavorable" ever since 1864. The presence of the export tariff accounts in part, as we have already seen, for the rapid decline of the tea exports and the slow progress of the silk trade;<sup>2</sup> and tea and silk are the two chief staple exports of China. Ex-

<sup>1</sup> Cf. *supra*, pp. 201-202.

<sup>2</sup> Cf. *supra*, pp. 316-317, 321.

port duties constitute an obstacle to the development of a nation's foreign trade and that is why they are very seldom utilized by the industrially advanced countries of the world. China is today passing from local to national economy; and under such circumstances export duties are inexcusable. During this transition, at least, her export tariff should be abolished in order to accelerate the economic development of the country. The advisability of such a measure has long been appreciated by China, and it is only because of her fiscal exigencies that the suicidal policy of taxing exports is continued.

Moreover, the Chinese merchant, who is handicapped by the export duty, is subjected to the intolerable *likin*, which is a tax levied on merchandise in inland transit. *Likin* stations are to be found at all large towns and along the important trade routes, whether by land or by water. Their presence constitutes an impediment to the free movement of traffic. It is hard to estimate the percentage of the tax on the value of goods, but usually the rate is three per cent at the departure station and about two per cent at every inspecting station. As a rule, the total amount collected within a province does not go above ten per cent, but if the merchandise is shipped through several provinces the *likin* may be as high as twenty and even twenty-five per cent of the value. For instance, Hangchow silk shipped to Peking for sale has to pay a tax of 18 per cent on raw material. From these harassing taxes the alien merchant is entirely exempt by the payment of a light commutation tax of  $2\frac{1}{2}$  per cent. That is why cotton mills in China can obtain their raw materials from the United States or India at a lighter duty than cotton shipped from one Chinese province into another. To take a more concrete example of this discrimination in favor of outsiders: Timber transported from Fengtien and Antung (Chinese territory) to Peking is taxed



at five different places, paying in all a duty equivalent to 20 per cent of its market value; while timber from America pays no more than 10 per cent, including transit dues and the Peking *octroi*. Again, timber from Jueichow to Hankow and Shanghai has to pay duties at six different places, the sum total of which aggregates 17½ per cent, while timber imported into these same ports from abroad is dutiable only at one-third the amount. And these rates on Chinese goods are the minimum.<sup>1</sup>

So here again the foreigner is accorded special privileges at the expense of the Chinese people. The fact that this is so, the fact that the Chinese are denied the exemption given to foreigners, has led the latter to sell their names to unscrupulous Chinese merchants, who are thereby enabled to pass their goods as foreign consignments and so to evade the oppressive taxes. In addition to this abuse of selling transit passes, the exemption of foreign merchandise from the *likin* taxation is difficult to operate. In a country so vast in size as China it is absurd that the foreigner should be entitled to carry his goods from or to a port, to or from any place in the interior, however distant, upon paying only 2½ per cent in the form of transit dues. Furthermore, the system does not take into account the circumstances and requirements of the provinces of China, each of which is a small state in itself, attending to its own finance and taxation. The *likin* is one of the chief sources of provincial revenue. The exemption of foreign goods from this tax has caused some derangement to the provincial administrations, inasmuch as the transit dues (inwards and outwards) and a part of the *likin* are collected by the Maritime Customs and paid to the Central Government, and of whatever goes to Peking the provinces receive

<sup>1</sup> *Memorandum on the Tariff Revision in China* (Ministry of Agriculture and Commerce, 1916)—dealing with the abolition of the *likin* and the increase of the Customs duties.

nothing. Owing to this impracticability the inland transit question has given rise to much dispute and ill-feeling between China and the treaty powers.

The duty of a modern government is to encourage and not to check home industries. Inland taxes on domestic products are rare. For a long time the Chinese Government has realized that the system of levying the *likin* and other taxes on merchandise is vexatious to the people and detrimental to the interests of trade, domestic as well as foreign; and hence it should be abolished. The financial needs of the nation, however, make it imperative that the *likin*, which is one of the main sources of revenue, should be retained until an adequate substitute for it is found. The Mackay Treaty of 1902 with Great Britain and the Commercial treaties with the United States and Japan in 1903 provide for the complete abolition of the *likin* and the increase of the Customs duties as a compensation.<sup>1</sup> But on account of the lack of unanimous approval among the powers these treaty stipulations have remained "paper reforms" to this day. Several times during the last ten years China has brought up the question before the various governments, but she has not, as yet, succeeded in getting a solution from them. The European War, which has interrupted the discussion of all minor international problems, has temporarily put an end to any further negotiations on the subject.

Similar in nature to the transit due is the coast-trade duty, which is levied on goods transported from one port to another. The rate is fixed at  $2\frac{1}{2}$  per cent *ad valorem*. Like the inland transit due the coast-trade duty constitutes an obstacle to local and foreign trade, and the sooner it is abolished the better it will be for the material transforma-

<sup>1</sup> Cf. *supra*, pp. 218-219.

tion of China. Here also the continuance of the tax is due to the country's lack of revenue.

Besides being an impediment to the economic development of China, the tariff is unsatisfactory from the fiscal standpoint. The rate on imports is put on a uniform five per cent basis. It makes no distinction between manufactured goods and raw materials, or between luxuries and necessities. As for the five per cent duty, everyone will admit that it is far too low for revenue purposes. Contrast this with the duties imposed on Chinese goods abroad. In Great Britain, tea, which before the War was taxed at 5 d. per lb., is now assessed at 1 shilling per lb.; while in the United States silk and its products, even under the Underwood Tariff Law of 1913, have to stand a rate of duty ranging from 35 to 60 per cent *ad valorem*. Chinese products exported abroad must pay such duties as foreign countries choose to levy, but foreign articles imported into China can be subjected to only such taxes as are sanctioned by the iron hand of the treaty powers. This explains why in 1913 Germany obtained about 45 per cent of her total ordinary income from customs and excise; why during the fiscal year of 1913-1914 some 39 per cent of the total Federal revenue of the United States was contributed by customs receipts; why in 1914 customs in France returned some 20 per cent of her total revenue, and duties on imports into free-trade England amounted to more than 22 per cent of the total revenue of Great Britain, while Customs in China yielded only about 6 per cent of the total income.<sup>1</sup>

<sup>1</sup> The total Customs revenue of China in 1914 was T 38,917,525, but unlike that of other countries it included export duties, coast-trade duties, tonnage dues, transit dues, and the *likin* on opium (see table on p. 298, *supra*). The import duties collected by China in 1914 totalled to only T 18,202,741, and this is the amount used in the calculation, because customs are generally understood to stand for import duties only. The total ordinary income of China is taken at T 318,165,553—the sum given in the budget of the second fiscal year of the Republic ending June 30, 1914.

Although China is in sore need of revenue and her Customs are not contributing their due share, nevertheless she cannot make them do so. The five per cent duty is fixed by the powers and can be raised only with their consent, one and all; and for that consent each power can exact a price. Such a procedure is practically impossible of attainment, for however good an adjustment may be shown to be, every government would make its own decision and reject if it sees fit. Even a nation like Denmark, or Sweden, whose trade in China is insignificant, can obstruct any proposed change in the Chinese tariff system, by refusing or failing to give its approval. Moreover, the policy of most of the treaty powers is purely selfish. They permit China to develop only in such a way as will give them enormous advantages. Japan, for example, has been blocking any revision of the Chinese tariff which would assist China in manufacturing her own yarn at a smaller cost than yarn imported from Japan. The reason why some of the powers have withheld their approval of the increase of the tariff and the abolition of the *likin* as promised in the British treaty of 1902 is because they argue that such a change would jeopardize their commercial interests in China. The method of giving every power a vote on any modification of the tariff is absurdly rigid, and makes it impossible for China to obtain relief from the injustice of the treaty stipulations, and to adjust the Customs revenue according to her requirements. Thus writes Chester Holcombe:

The conditions under which foreign commerce was established and is carried on are a serious interference with the revenues of the Government. So far as the entire body of foreign export and import trade is concerned, there is no flexibility or power of adjustment left by which the Government may regulate the income from that source in accordance with its needs. No matter what exigencies and consequent de-

mands upon the treasury must be met, no help can be looked for in that direction. It fluctuates in amount only as the commerce upon which it is levied shows gain or loss.<sup>1</sup>

But to say that the tariff rate is too low and that China cannot raise it any higher without the consent of the treaty powers is merely half of the story. What is still worse is that the 5 per cent is, in reality, only nominal. This accounts for the fact that while the total direct trade of China multiplied itself more than seven and a half times between 1867 and 1913, the revenue on the entire trade increased less than fivefold in the same period. The tariff rate is based on the average values of the three years 1897-1899 in the case of imports and on those of 1860 in the case of exports. Since the last revision in 1901-1902 the values of the different commodities imported have changed and new imports have been introduced into China, and as a result of this, most of the goods are paying very much below the stipulated rate. Although the tariff of 1902 on foreign imports was to be "cinq pour cent effectifs"—as provided by Article VI of the Protocol of 1901—it has been ineffective from the very start, as was shown by Sir Robert Breden, formerly Acting Inspector General of Chinese Customs and one of the principal supporters of the tariff-revision movement.<sup>2</sup> This ineffectiveness has increased as time went on. A recent investigation conducted by the Chinese Government on the values of a number of representative articles and the duties collected thereon reveals the interesting result that while the prices of foreign imports have increased very considerably during the period 1911-1917 the rate of the import duty has steadily dwindled. In 1911 the average rate actually levied was 4.02 per cent; in 1912 it was 4 per

<sup>1</sup> Holcombe, *The Real Chinese Question*, p. 15.

<sup>2</sup> Sir Robert Breden, *China: Tariff Revision and Inland Taxation Questions Allied Thereto*, p. 2.

cent; in 1913, 3.98 per cent; in 1914, 3.96 per cent; in 1915, 3.60 per cent; in 1916, 3.13 per cent; and during the first three-quarters of 1917 it amounted to merely 2.89 per cent—a loss equivalent to over 42 per cent.<sup>1</sup> And yet everybody takes for granted that China has been receiving a full 5 per cent duty on imports all the time.

The ineffectiveness of the tariff means, of course, a material loss to Chinese revenue every year—a loss that has been actually shown, for 1912, by Sir Robert Breden. During that year China had a total foreign import trade of T 425,390,257, excluding the import of foreign opium (T 47,706,774), which was subject to a special duty and was not taxed on a 5 per cent basis. If this import of general merchandise had paid the legitimate 5 per cent, except in cases where a special reduction was legalized, as the rebates on the import trade along the frontiers of Japanese Korea, Russian Siberia, British Burma, and French Tongking, the duty would have amounted to T 20,595,090. The actual sum collected was, however, only T 14,275,764. The evasion of the legal tariff on both the maritime and frontier trade was, therefore, T 6,319,326, or about 31 per cent.<sup>2</sup> This serious shortage in the Chinese revenue is now keenly felt, for with the fast disappearance of the opium traffic in China, there has come a rapid falling off in the receipts from the opium duty, which, in consolidation with the *likin* on opium, contributed approximately 53 per cent to the total charges on the import trade in 1908.

In accordance with the treaty provision for a decennial revision, an attempt was made by the Chinese Government, in 1913-1914, to adjust the import duty in order that it might give the full 5 per cent yield. Unfortunately, this

<sup>1</sup> *Millard's Review* (Shanghai), March 16, 1918, p. 76.

<sup>2</sup> Breden, *op. cit.*, pp. 3-5.

met with failure, on account of the unreasonableness of Japan, Russia, and France, all of whom endeavored to secure some more special privileges even for this much overdue revision. It was not until November, 1917, after China had joined the war against the Central Powers, that the Entente Governments consented to the revision of the import tariff to an effective 5 per cent. Since the beginning of 1918 a Commission composed of Chinese and foreign representatives has been sitting at Shanghai to modify and to agree to the import duties. The values of merchandise used in the adjustment are those ruling during 1912-1916, two years before, and two years after the commencement of the War. The new tariff which will come into force as soon as it is completed will again be revised, in whole or in part, two years after the end of the European struggle.

It is worth stating that while, on the one hand, China is denied the full benefit of the Customs as a legitimate source of income; on the other, she has to pay the heavy foreign indebtedness which she was compelled to incur by the treaty powers in order to meet their expenses for carrying on aggressive wars against her. Furthermore, the countries which have raised objection to a revision or an increase of the tariff are also the very ones which have been most insistent upon the retention and prompt payment of the indemnities.

The difficulties in connection with the regulation of commerce in China are further complicated by the presence in all the important conventions between China and other states, beginning with the British supplementary treaty of October, 1843, of the most-favored-nation clause in its unilateral and absolute form. By this provision China accords to all the treaty powers and their subjects, without reciprocity, whatever privileges that may have been or may hereafter be granted to any one of them. That is to say,

no distinction is to be drawn between one foreigner and another in the conferring of commercial rights; whatever is accorded to one nation is to be shared by all of them alike. And the French Government has even gone as far as to demand participation in all the benefits conceded without being bound by the conditions whereunder those concessions were made, basing its claims on the most-favored-nation clause and on two special stipulations, one of which states:

Il est d'ailleurs entendu que toute obligation non consignée expressément dans la présente convention ne saura être imposée aux consuls ou aux agents consulaires, non plus qu'à leurs nationaux, tandis que, comme il a été stipulé, les Français jouiront de tous les droits, privilèges, immunités et garanties quelconques qui auraient été ou qui seraient accordés par le Gouvernement Chinois à d'autres puissances.<sup>1</sup>

In some cases the most-favored-nation clause goes further than merely requiring China to treat all aliens on an equal footing; it forbids her to give special privileges even to her own subjects. For example, by the Japanese Protocol of 1896, Article III, goods manufactured by foreigners in the open ports may be liable to such a tax only as "shall neither be other than that payable by the Chinese subjects nor higher." Again, if the Chinese Government wishes to close some particular inland waterway to the navigation of foreign launches, it can only do so "provided that Chinese launches are also prohibited from using it."<sup>2</sup> Once more, Article III of the Supplemental Treaty between China and the United States in 1880 provides that "no other kind or higher rate of tonnage dues, or duties for imports or exports, or coastwise trade, shall be imposed or

<sup>1</sup>Fr. tr. Tientsin, 1858, art. xl. See also art. ix of the same treaty.

<sup>2</sup>Inland Waters Steam Navigation Rules, 1902, art. iv. *Treaties*, i, p. 374.



levied in the open ports of China " upon American vessels or cargoes " than are imposed or levied on vessels or cargoes of any other nation or on those of Chinese subjects." In 1890 this stipulation was cited by the British Minister in his protest against China's attempt to give a bounty to native shipping by reducing the import duties to Chinese merchants who shipped their merchandise in vessels belonging to the China Merchants Steam Navigation Company, the only Chinese steamship company of any importance competing with foreign concerns. In face of the protest the exemption was rescinded by the Chinese Government.<sup>1</sup>

This method of granting privileges has deprived China of the ordinary advantages of independent negotiation and has forced her to concede many valuable privileges and immunities to foreigners without obtaining anything from them in return. Thus writes Sir Robert Hart:

The "most favoured nation" clause has always stood in the way of change, and prevented the Chinese Government from securing and conceding various ameliorations in exchange for special advantages, seeing that, although new negotiators might be willing to give a *quid pro quo*, their predecessors would claim the advantage but reject and refuse to be bound by the conditions.<sup>2</sup>

Such an arrangement is most unjust; and it should be promptly abolished for the simple reason that it takes two to make a bargain, and that if the relations between two countries are to be permanent and beneficial to both parties, they must be founded on the principle of reciprocity and not on that of one-sidedness.

<sup>1</sup> G. N. Curzon (Lord), *Problems of the Far East* (Westminster, 1896), p. 337.

<sup>2</sup> Hart, *op. cit.*, p. 66.

All that China receives for extending the most-favored-nation treatment in its absolute form to aliens within her territories is the "least-favored-nation" treatment of her own subjects abroad. In the treaty engagements between China and other states it is usually provided that just as foreigners in China shall enjoy full protection in person and in property, so Chinese subjects in foreign countries shall be accorded a similar protection. Nevertheless, Chinese laborers are excluded by law from the United States and its possessions and those that are expressly exempt—merchants, students, and travelers—are subjected to the humiliations of minute inquiries into their character and of anthropometric measurements of their person for the purpose of ascertaining that they are not laborers under *camouflage*. Then upon their arrival they are treated as if they were criminals and are "detained in the pen on the steamship wharf or imprisoned like a felon until the customs officials are satisfied." Very much the same procedure is followed in all the other countries from which Chinese are excluded. In Canada, Chinese are admitted upon the payment of a poll-tax of \$500. From South Africa all classes of Chinese, with the exception of officials, are excluded, at the discretion of the Immigration Department and in case of failure to pass a dictation test in any European language. They are also denied admission in Australia and New Zealand if they fail to satisfy a reading or dictation test.

Moreover, the status of Chinese residents in foreign countries is insecure. In matters both of residence and of trade they are specially discriminated against and are deprived of the rights, privileges and immunities enjoyed by subjects of the most favored nation. For instance, in the State of California, Chinese children are forbidden to attend the schools for white children. In the Canadian provinces

of Quebec and Saskatchewan, discriminatory laws are enforced against Chinese laundries. And in South Africa, Chinese are subjected to the most humiliating restrictions, such as the limitation of their residence and business within certain locations, the prohibition of their using the same post-offices, street cars, *etc.*, as the Europeans, and their exclusion from mining enterprises or dealing in precious metals.<sup>1</sup> All these restrictions and discriminations against Chinese abroad are in utter disregard of international law as well as violative of the treaty stipulations between China and the powers concerned. It may be expedient and even necessary from the foreigners' standpoint to exclude Chinese from their territories and to treat them with severity and unreasonableness, but to the Chinese such measures constitute an abuse of superior force, and a flagrant outrage on the dignity of their nation. To them the cry of the open door is indeed a hollow mockery, for theirs is the door that is kept open, and it is kept open by the nations which close their own doors against them. It is hardly conceivable that the unjust treatment of the Chinese in foreign countries can be indefinitely continued, and it is high time that the wrongs be redressed and the innocent sufferers be placed on a footing of equality with other aliens. Until this is done the intercourse between China and outsiders will remain unhealthy with a festering sore.

So, to return from our partial digression, the regulation of the foreign trade of China by means of dictated treaties constitutes a marked interference with the supreme authority of the Chinese people on their own soil. The existence of the one-sided conventional tariff has rendered the entire

<sup>1</sup> For a fuller discussion of this subject of Chinese exclusion from foreign states and the imperfect status of Chinese residents abroad, cf. M. T. Z. Tyau, *The Legal Obligations arising out of Treaty Relations between China and Other States* (Shanghai, 1917), pp 105-123.

Customs system of China absolutely rigid and inflexible. The Chinese Government cannot of its own accord adjust the tariff to the needs of the country, for an alteration of it involves the consent of the treaty powers, one and all—a condition which is insurmountably difficult to obtain in practice. Notwithstanding the fact that China is badly in need of revenue, she is forbidden by the treaties to make foreign imports bear their proper share of the country's tax burden. The inability to raise the tariff above the nominal 5 per cent has forced her to continue the suicidal policy of taxing domestic trade more heavily than foreign commerce, and of retaining those harassing levies which are an obstacle alike to her foreign and domestic commercial expansion. Such a situation is certainly detrimental to the development of China. The young Republic is at present passing from the stage of local economy to that of national economy. During this transition economists would consider it a most sound policy for her to promote infant manufactures at home and to revive the old staple industries like tea, which, owing to oppressive taxation and lack of scientific cultivation, are in a state of rapid deterioration. That is as it ought to be. As it is, penalty is imposed on native industry while the advantage is all in favor of imports from foreign countries. No check is placed on foreign goods and China has always been the dumping ground for the surplus products of all nations in the world. In face of such competition from outside it is extremely hard to start any new industry or to resuscitate an old one, and as a result the industrial progress of China is greatly retarded. Thus, at every point native merchants and native merchandise are discriminated against and the whole arrangement from A to Z is equivalent to the management of China for the sole benefit of foreigners. And here, like Holcombe, we ask: "What government, except it be that of angels, could be

expected to regard with favor, or to foster with open hand, a commerce thus protected solely in the interest of aliens?"<sup>1</sup>

In spite of the hampering restrictions and petty tyrannies which we have just described, the international intercourse of China has widened and her foreign trade has grown apace, as has already been shown in the foregoing chapters. Now, if the foreign trade of China could triumph over adverse conditions what a wonderful progress it would have made if those conditions were non-existent! However, so long as they stand unremoved, the natural growth of the trade cannot but be seriously hindered.

The time is now far advanced for the abolition of these impediments to trade and intercourse. It is generally recognized that all treaties are concluded under the tacit condition of *rebus sic stantibus*; and Professor Oppenheim says:

When the existence or the necessary development of a state stands in an unavoidable conflict with such state's treaty obligations, the latter must give way, for self-preservation and development in accordance with the growth and the necessary requirements of the nation are the primary duties of every state. No state would consent to any such treaty as would hinder it in the fulfilment of these primary duties. The consent of a state to a treaty presupposes a conviction that such treaty is not fraught with danger to its existence and development, and implies a condition that, if by an unforeseen change of circumstances the obligations stipulated in the treaty should imperil the said state's existence and necessary development, the treaty, although by its nature unnotifiable, should nevertheless, be notifiable.<sup>2</sup>

Besides being obscure in their phraseology, the conventions between China and the powers have long been anti-

<sup>1</sup> Holcombe, *op. cit.*, p. 15.

<sup>2</sup> L. Oppenheim, *International Law* (London, 1905), i, pp. 550-551.

quoted and have always hindered the free development of the Chinese people. They are not in harmony with the spirit of the times, and must, therefore, be speedily revised and overhauled so as to meet the new world order that is dawning upon us, one in which every peace-loving nation, whether strong or weak, shall have the right to live on equal terms of safety and liberty with the other peoples of the world. Such a revision cannot be denied to China any longer unless the treaty powers choose to disregard the dictates of justice and pure common sense.

In the revision is to be borne in mind the first principle of international trade, that nations are interdependent and that their prosperity is promoted by the unfettered exchange of their produce; hence all obstacles to such an exchange must be swept away. Moreover, the third of President Wilson's famous fourteen conditions of world peace reads:

The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance.<sup>1</sup>

Inasmuch as the restrictions imposed upon China by the powers operate against her untrammelled self-development, do they not constitute economic barriers? Is not the denial of China's right to regulate her own tariff inconsistent with the establishment of the equality of trade conditions? No impartial observer can answer these questions except in the affirmative. That being the case, it is, therefore, essential that the system of regulating commerce by means of unilateral treaties be annulled, so that the trade between China and the other countries may be promoted and the peace of the world be made just and stable.

The tariff autonomy must be restored to China in order

<sup>1</sup> Address to Congress, January 8, 1918.

that she may formulate and put into force an economic policy in harmony with the interests of her people. This does not mean any desire on the part of China to impose prohibitive customs duties which will drive out foreign goods from the Chinese market. All that she wants is what each of the treaty powers has assumed for itself as a matter of course, namely, a tariff that is sufficiently responsive to changes both at home and abroad, such a one as will meet her fast-growing fiscal needs and satisfy her awakening industrial and commercial requirements. To deprive China of her tariff autonomy is certainly an open attack upon her independence, for the right to regulate the tariff is a part of the larger right of taxation, which belongs to the sovereign authority of every state. Thus writes the eminent jurist, Despagnet:

En vertu de la souveraineté absolue qui lui appartient sur le sol qui relève de lui, chaque État peut limiter comme il l'entend ses rapports commerciaux au point de vue international, soit en privant de certains avantages tous les pays ou quelques-uns seulement, soit en donnant des faveurs aux uns et en les refusant aux autres, soit en paralysant plus ou moins l'entrée des produits étrangers par un système (douanier) prohibitif. . . . Les mesures à prendre à cet égard, fondées sur le droit strict de souveraineté, relèvent des règles de l'économie politique et de l'intelligence plus ou moins bien entendue des intérêts de chaque pays.<sup>1</sup>

Unless the repeated proclamations of the Entente Allies on the sacredness of the rights of all states, whether they be strong or weak, are to be a mere barren form of words, this encroachment upon the territorial sovereignty of the Chinese people must be promptly removed. Justice demands that China shall have the power to fix her own tariff, and

<sup>1</sup> Frantz Despagnet & Ch. de Boeck, *Cours de droit international public* (Paris, 1910), 4th ed., p. 236.

when this is restored, for restored it must be, we can look forward to an unprecedented development in her industry and commerce in general.

If the foreign trade of China is to have an unimpeded development it is necessary that, in addition to the restoration of the tariff autonomy, the whole country be thrown open freely to international trade and residence. But this requires the abolition of the present precarious system of conducting relations between the Chinese and the foreigners—an arrangement which was thrust upon China by the illegality of brute force—and its replacement by an equitable régime which all will accept and maintain. In short, this means the relinquishment of all extraterritorial privileges and immunities by the treaty powers and the introduction of a more uniform system of Chinese jurisprudence and administration. This change is doubtless radical, but it is one which strikes at the root of the mischief that runs through every article of the treaties, the one factor that has undermined the authority of the Chinese Government and blocked all permanent good relations between China and the outside world. In this connection Sir Robert Hart writes:

Such a change of principle in the making of treaties would widen and not restrict the field for both merchant and missionary, and would simplify and not complicate the work of both consul and minister—would do away with irritating privileges and place native and foreigner on the same footing—and would remove the sting of humiliation and put the Government of China on the same plane as other governments. . . . It may have been—and may still be—expedient and even essential from the foreigner's point of view and the necessities of commercial law to stand on 'Chinese soil with the aegis of extraterritoriality and the procedure of their own courts; but to the Chinese eye this is a spear and not a shield, and until it is withdrawn



there will be no assured dwelling at ease—no real welcome for foreign intercourse. Restore jurisdiction, and the feeling of the responsibility to protect as well as the appreciation of intercourse will at once move up to a higher plane.<sup>1</sup>

The abrogation of extraterritoriality in China is conditionally assured by Great Britain, the United States, Japan, and Sweden.<sup>2</sup> Each of the first three named powers has promised "to give every assistance" to China's judicial reform and "will also be prepared to relinquish her extraterritorial rights when she is satisfied that the state of the Chinese laws, the arrangement for their administration, and other considerations warrant her in so doing."

The Chinese have long desired the recovery of jurisdiction over aliens within their borders and have been earnestly working towards that goal. They have been reforming their judiciary and revising their civil, criminal, and commercial codes in accordance with modern principles of jurisprudence. It is expected that within the next few years the revision of the laws will be completed and promulgated. The new system does away with numerous anachronisms and heralds many changes. Among the important innovations introduced are the establishment of a competent independent judiciary, the creation of four proper grades of courts for the provinces, their prefectures (*Fu*), and districts (*Hsien*), together with the Supreme Court of the nation (*Ta Li Yuan*) at Peking, the admission of qualified lawyers into the courts to act for litigants, the adoption of the principle of reformative punishment, and the institution of model prisons throughout the country. Although the Chinese judicial administration is still in the transitional

<sup>1</sup> Hart, *op. cit.*, pp. 145-146.

<sup>2</sup> Bri. Com. tr., 1902, art. xii; Am. Com. tr., 1903; art. xv; Jap. Com. tr., 1903, art. xi; Swed. tr. Peking, 1908, art. x.

stage and falls short of the requirements of modern jurists, yet, to quote Dr. Wang Chung Hui, Chairman of the Law Codification Commission of the Chinese Government, "a review of what has been accomplished shows that a great deal has been done in a comparatively short period."<sup>1</sup>

Progress has also been made in other directions, more particularly along educational, industrial, and commercial lines. This advance is, however, very little known, much less appreciated abroad, where the political affairs of China have been monopolizing public attention to the exclusion of every other phase of Chinese life, and especially, where exist the powerful publicity agencies of a certain imperialistic nation, whose aim is to make the world at large believe that China is in a state of semi-anarchy, and therefore needs its guardianship. Commenting on the real growth of China during recent years the *North-China Herald* writes:

The permanent improvements which have been made in hundreds of Chinese cities during the past seven years, the roads built, the thousands of small and large industrial plants erected, the improvements in sanitation, the schools, colleges and hospitals endowed and opened, the hills reforested, the mines developed, the newspapers established and the remarkable growth of knowledge of foreign affairs during a period of unceasing political turmoil punctuated by a series of natural calamities and blanketed by a war-trade depression, are conspicuous evidences of wholesome progress and of a genuine interest among the people in improvements and innovations. Although an administrative scandal in Peking is cabled to every Occidental capital while the erection of a new factory in Wuhu or of a new girl's school in Nanking is described locally in an inconspicuous paragraph, we all know, if we stop to consider, that the building of a school or a factory in the provinces is a much more significant omen of the tendencies of the Chinese people

<sup>1</sup> *The Chinese Social and Political Science Review* (Peking), vol. ii, no. 2, p. 20.

than a squabble within the mandarin ranks; but with politics so blatantly conspicuous, it is exceedingly difficult to be just and fair to the people who have yet to make their influence felt upon the administrative systems which in no sense represent them.<sup>1</sup>

Foreign observers often complain that China's progress has been slow. This may be freely admitted. However, if we consider the onerous restrictions forced upon her by the treaty powers and realize the vastness of the country, it will at once be seen that the slow rate is inevitable. As a matter of fact, we shall be wondering how any growth at all has been possible under such circumstances. Subjected to all sorts of foreign interference, and inhabited by a population approximately greater than those of the United States, the British Isles, Germany, France, Spain, Italy, Austria, Belgium, and the Continent of South America combined, speaking several dialects, and assimilating modern culture from different sources, the problems now facing China may be appropriately compared with those of Europe as a whole. It is evident that the prompt solution of these problems would require the best efforts of a super-nation, and as there is no such a nation in existence the solution can only come slowly.

Moreover, it is a political maxim that all reforms, in order to be lasting, must be gradual. A nation rests on existing laws, customs, and practices, and to alter these at one stroke would throw society into a state of chaos and lawlessness. Whatever betterment is to be inaugurated should not fail to take into consideration the character of those participating, the soul of the people concerned, which is always hard to change. In other words, reforms must be built on old foundations, and hence must be gradual. "It is better to be slow than sorry," runs the wise old saying; and we must not forget that in the East more haste always means

<sup>1</sup> *The N.-C. Herald*, July 13, 1918, p. 65.

less speed. Nevertheless, the rate of progress in the past constitutes no criterion for that in the future. Being a large body, the Chinese nation moves slowly only at first, but as it progresses it is bound to increase its momentum. So henceforth China will advance more rapidly than heretofore.

Then foreigners who pretend to be friends of the Chinese incessantly harp on the disturbances in China, saying that the country is in a state of anarchy, that the Chinese people are not fit for self-government, and that they must be placed under international tutelage. Arguments like these have been widely circulated by interested parties, whose sole aim is to see a weak China, one which will allow them to perpetuate their control and interference in the affairs of that country. The Chinese are now in the midst of a great transformation. Everywhere the old order is changing, giving place to the new. The ancient ideas and hoary traditions and customs are being discarded and a new scheme of life that is foreign in origin is being gradually absorbed. Such a transition necessarily brings forth discord and dissension. For national transformation is fundamentally a struggle for advancement; it is a conflict between the new and the old ideals of a people, and the conflict will go on until a new system is evolved and incorporated into the life of the nation. Viewed in this way the various ills which have rendered China unsightly before the eyes of the foreigner are nothing but the natural outcome of the attempt to adjust a nation, that has for hundreds of years been isolated from the rest of the world, to the new environment created by the invasion of extraneous ideas and the introduction of Western culture.

Although common to the history of every nation during its period of creative change, the internal disorders in China and the different complications that constitute what is known as the "Chinese Question" have suffered severe

criticism at the hands of many a foreign writer. There is really no cause for discouragement at China's struggle for a reformed and stable central government. Rome was not built in a day. Neither can a modern democracy be instituted in eight years in a country which has had centuries of absolutism. It is to be borne in mind that those Latin-American republics, which today are stable and prosperous, were for many decades in a state of confusion and distress, and we must not forget that it took the long years between 1776 and 1865 for the great American nation to establish itself firmly. Early in 1917 there was published in Shanghai the largest book yet issued on the geography, the economic resources, and the commercial development of China. *The New Atlas and Commercial Gazetteer of China*, as the book is entitled, is surely the best work on the resources of the Oriental Republic, and nobody can go through it without being impressed by the splendid future that is before China, provided she is given a chance to develop herself without shackles.

China has not been negligent of her duty. She has been trying to set her house in order to the end that some day her complete autonomy may be recovered. But considering the stringency of her financial situation and the vastness of her territory, the problem is a stupendous one and she cannot solve it single-handed. She needs the effective assistance of the treaty states, one and all. While we do not expect any nation to be altruistic in extending its national interests in China, we nevertheless look for a spirit of friendly reciprocity in its dealing with the Chinese people. If the unimpeded development of trade is to be attained the treaty powers must work together with China. Both parties must approach each other with respect and not contempt, with compromise and not coercion. They must proceed in a spirit of give-and-take and not of take alone and no give

at all. In short, there must be intelligent and sympathetic cooperation through mutual concession. Cooperation and not opposition spells success to every undertaking. It must, therefore, be the key-note for the rehabilitation of China.

Thus far, however, there has been too much preaching on the part of the powers with scarcely any encouragement. As a matter of fact, China has never been permitted to develop herself peacefully, for across her path of reform there is ever falling the shadow of foreign interference and aggression. She is encircled by enemies disguised as friends, who are always insistent upon onerous conditions in their financial transactions with her and in whose actions are concealed plans for territorial aggrandizement. China's task is, thus, made intolerably hard. She has, on the one hand, to reconstruct her internal administration in the light of modern requirements, and, on the other, to preserve the country against the forces of disintegration from without.

It is the profession of all the great powers that they favor the rejuvenation of China into a first-class nation, and they have agreed "to give every assistance" to her reforms. But in practice they are all more or less opposed to any change which would tend to strengthen the young Republic, although they never cease to clamor about the inconveniences resulting from the archaic methods of Chinese administration. Their actions indicate clearly that the kind of reform they desire for China is only so much progress as would create opportunity for foreign enterprises and yet retain China in leading strings, so that her alleged backwardness may always serve as a pretext for the carrying out of their selfish designs in her dominions whenever they deem it necessary. A few instances will make this obvious. One of the most conspicuous examples is the refusal of the powers to give China a flexible tariff, which will meet her requirements and permit the introduction of those reforms without which

she cannot develop fully in any direction. This has been sufficiently discussed in the preceding paragraphs and it is needless for us to dwell on it again. Another is the policy of weakening the Chinese Government by burdensome indemnities and other financial exactions. Then there is the pursuance of the dog-in-the-manger policy in what each power regards as its "sphere of influence." In the first part of 1917, for example, the French Government lodged a protest at Peking against the construction of a railroad by an American firm in the province of Kwangsi, where France claimed exclusive rights by virtue of an arrangement which gave her financiers the first privileges of supplying capital for all railway and mining projects in Kwangsi. Although the money for the enterprise had been subscribed by the Americans, and the French were not in a position to furnish the requisite capital, because at that time they were borrowing heavily in the United States for war purposes, nevertheless the scheme was forced to be withdrawn to nobody's real advantage, but to the great loss of China, who is sorely in need of an adequate system of transportation. Similarly, Japan has blocked many a legitimate American project in China, and in 1913 the Japanese successfully shut the door in Fukien against the Bethlehem Steel Corporation, which was then attempting to assist the Chinese Government in constructing a dockyard in that province; and again the growth of China was checked. Such instances of the selfish and disruptive policy of the powers may be greatly multiplied, but space will not permit the attempt. Finally, we may mention the fact that the scramble of foreign equipment contracts hinders the industrial development of China. In contracting foreign loans for railway and other industrial purposes the Chinese are invariably required to promise expressly that the funds so obtained will be spent in the country of their origin. Accordingly, large quantities of

materials have to be imported from abroad every year, which would otherwise be supplied at home as much as possible, to the end that the development of Chinese industries may be quickened.

The hostility of practically all the treaty powers to genuine reform in China is to be explained by their apprehension that some of the tendencies and necessary results of the Chinese renaissance are dangerous. Seeing that their so-called "interests" in China are in a large measure based on conditions which real autonomy will sweep away, foreigners contend that the rehabilitation of the ancient Empire and its establishment on a footing of equality with other states would impair their special status in the country. To some extent this is true, for every reform carries with it a vicarious sacrifice. If the world is to be ruled by law instead of by self-interest and force, latent or expressed, then the highly privileged aliens in China must be willing to give up their peculiar rights. But for whatever loss they may have to suffer the foreigners will be fully compensated, inasmuch as China's regeneration will accelerate her industrial and commercial development, the enormous profits of which will be reaped by all nations alike.

In discussing the development of China it is often asserted that with the advance of the Chinese into a manufacturing nation the chances for outsiders to sell goods in that country will be gradually reduced. Such statements are erroneous and find no support in fact. It has been demonstrated that the American share of the foreign trade of Japan has increased hand in hand with the rise of Japanese manufactures. Moreover, in its final analysis, the question of foreign trade expansion and the internal development of China are closely connected. The former is dependent upon the latter. International trade is, in essence, barter. In order to be permanent it must be reciprocal and not mainly



one-sided. If the great manufacturing nations expect China to continue to buy their products, they must enable her to sell her goods in return. What she can buy from them is limited by what they can buy from her. The purchasing power of the Chinese people must be raised, or else they cannot buy foreign imports in large and increasing quantities; and the way to do this is to encourage them to produce those commodities which they are especially qualified to supply. In other words, the growth of Chinese industries must not be hindered, but must be facilitated and fostered, if foreign trade is to expand freely in the Celestial Republic. Industry is a veritable handmaid to commerce.

The fallacy that the regeneration and industrialization of China will operate to the detriment of the foreigner's commercial interests in that country was exposed in a vigorous fashion by ex-President Taft during his visit at Shanghai in October, 1907. On that occasion he averred:

The United States and others who favor the open-door policy sincerely will, if they are wise, not only welcome, but will encourage this great Chinese Empire to take long steps in administrative and governmental reforms, and in the development of her natural resources and the improvement of the welfare of her people. In this way she will add great strength to her position as a self-respecting Government, may resist all possible foreign aggression seeking undue, exclusive or proprietary privileges in her territory, and without foreign aid, can enforce an open-door policy of equal opportunity to all. I am not one of those who view with alarm the effect of the growth of China with her teeming millions into a great industrial empire. I believe that this instead of injuring foreign trade with China would greatly increase it, and while it might change its character in some respects, it would not diminish its profit. A trade which depends for its profit on the backwardness of a people in developing their own resources and upon their inability to value at the proper relative prices that which they

have to sell and that which they have to buy is not one which can be counted upon as stable or permanent. . . .

For the reasons I have given, it does not seem to me that the cry of "China for the Chinese" should frighten anyone. All that is meant by that is that China should devote her energies to the development of her immense resources, to the elevation of her industrious people and to the enlargement of her trade and to the administrative reform of the Empire as a great national Government. Changes of this kind could only increase our trade with her. Our greatest export trade is with the countries most advanced in business methods and in the development of their particular resources. In the Philippines, we have learned that the policy which is best for the Filipinos is best in the long run for the countries who would do business with the Islands.<sup>1</sup>

Under existing conditions the attempt of the foreigner to expand his trade in China is simply ridiculous. It would redound more to his commercial intelligence if he would stop putting obstacles in his own way and discontinue his selfish policy of paralyzing the internal development of a most promising market by all kinds of hampering restrictions.

Of all the great powers which have declared that they want China to become a strong and virile nation, able to maintain her own place in the world, there is only one, it is to be frankly admitted, which actually desires such a consummation, and that is the United States of America. America has never committed any act of aggression in China nor has she ever attempted to secure unfair and exclusive commercial privileges there. On the contrary, her avowed policy towards the Oriental Republic has always been one of friendship and helpfulness, showing intelligent sympathy for China and her cause. It aims at the promotion and pro-

<sup>1</sup> *N.-C. Herald*, Oct. 11, 1907, p. 101.

tection of the legitimate commercial interests of American subjects in China and supports the open-door doctrine of equal opportunity for all. It is, therefore, strictly in keeping with American liberal traditions and democratic ideals that the United States should recognize the justice of the Chinese demand for the abolition of all impairments of their sovereignty and the removal of all the treaty restrictions which have made their country an economic slave of the great commercial nations; and she should lead the way in according China the equality of treatment by the powers of the world who claim to be civilized.

The European War has widened the international interests of the United States and it is now difficult to conceive how the American nation can remain indifferent to the fate of the Chinese people. The Pacific Ocean is becoming the center of human interest and commercial activity, and China, with her four hundred million people, is its true axis. From whatever undermines China's independence and integrity the United States cannot hope to escape unaffected. For with their economic progress and their advance as a Pacific power, and also as a nation determined to keep alive the spirit and forms of democracy in the world, the future peace and prosperity of the American people is bound up in the satisfactory solution of the present precarious situation in the Far East, more particularly in China.

There is no time more fitting and more opportune than the present for restoring to China the full liberty appertaining to a sovereign nation. With the European War at an end mankind turns humbly towards peace. Fresh from the horrors of slaughter and bloodshed, all people today are more disposed to heed the voice of reason and justice. The War has taught nations the value of peace, and they are now willing to think and even to act in terms of peace. Firmly convinced that the unparalleled sacrifices which have

been made in the battlefields of Europe shall not have been made in vain, they are all in one accord that the peace which is to be attained shall be just and permanent. They are strongly resolved that the new era which is dawning upon us shall be one in which the world will receive the blessings of order and liberty, of justice and lasting peace. In short, there has been developed a new and powerful feeling of community of interest among nations; and peoples, regardless of color and creed, and even at some sacrifices of national pride and ambition, are cooperating in a way hitherto unknown, to the end that the "unprecedented things" mentioned by President Wilson may be accomplished. A great moral wave for the reign of justice and peace towards all men is indeed encompassing humanity. But we must make use of the wave while it is still at the crest, for waves flatten out rapidly and disappear.

As an ally of the victorious Entente, fighting to make the world safe for democracy, safe for every peace-loving nation, which "wishes to live its own life, determine its own institutions, and be assured of justice and fair dealing by the other peoples of the world as against force and selfish aggression," China, the most populous and one of the youngest among the republics of the world, as well as the most peaceful of them all, is justly entitled to the full recognition of her real autonomy by the powers which are now sitting at the Peace Conference in Paris. If the War was indeed a war for democracy, for the liberty and equality of weak and strong nations, and if it is the duty of the associated powers, as President Wilson said at Paris in his plea for a League of Nations on January 25, 1919, "to see that every people in the world shall choose its own masters and govern its own destinies, not as we wish, but as they wish," then the Allies cannot deny to China the complete freedom to work out her own national development in accordance

with the welfare of her people. "A consistent democracy," says Mr. Arthur James Balfour, the British Foreign Minister, "leaves the people of each country the right to form their own government according to their own ideas, and based on their own history, character, and hopes." If the peace which is still in the making is to be enduring it must be based upon justice and righteousness towards all nations, be they great or small, powerful or weak. And the voice of prudence and justice counsels the great powers to treat China with consideration and to show some regard for her just claims and interests. It is to be remembered that the Chinese are normal human beings, swayed by the same feelings and purposes which influence other peoples; and as such they must be given a fair chance to live and to demonstrate their spirit of initiative and enterprise in their own land, a chance that has been denied to them by the mailed fist of the treaty powers.

But if in solving the Chinese Question the great Allied countries choose to continue the old selfish and disruptive policy of subjugating China and exploiting her for their own chief benefit, thereby keeping her in a state of political and economic semi-paralysis, rather than to apply the principles which they all have been vociferous in announcing as their objects in the War, then China will surely be the scene of approaching commercial jealousies among nations, the arena of coming diplomatic wrangles, and the seat of future world wars. If, instead of being handled justly and equitably, the problem is simply glossed over, as of old, with the fallacious and mischievous idea widely prevalent among foreigners that anything "goes" in China and that anything will do for the Chinese, the evil day cannot be long averted. Now that the War is over the acid test will be applied to all professions of disinterestedness and humanity.

The Chinese are now passing through a great national

transformation, and what they will be in the future depends largely upon what policy the other countries adopt towards them today. Whether peaceful China will remain peaceful and progressive or become a warring nation, menacing the rights of other peoples, depends upon her present treatment by the powers in these days of creative change. To be more specific, China's future relation to the world is conditioned by a chain of circumstances clearly summarized by Dr. V. K. Wellington Koo, Chinese Minister to the United States, as follows:

It depends upon whether they (*i. e.*, the powers) continue to permit themselves, or any one of them, to bully and browbeat her, committing one assault after another on her sovereignty; or seeing the injustice of these acts, acknowledge her right of existence and extend sympathy and support to her plans for progress. It depends upon whether they continue to keep the shackles of extraterritoriality, treaty tariffs, leased ports, railway zones and the like around her body; or, recognizing the unwisdom of such a policy, aid her to remove them and restore to her full liberty of development. It depends upon whether they insist upon taking advantage of her love of peace, and continue to heap grievance upon grievance, thereby driving her some day to pursue a different policy; or realizing the value of this sentiment to the cause of international concord and tranquillity, have due regard for her feelings and sensibilities. It depends upon whether they remain indifferent to attempts on the part of some of them to revive the doctrine of the spheres of influence and to close the open door within her borders; or appreciating the ultimate consequences of such a course and the desirability of keeping the Chinese market open to international trade on a footing of equality, help China batter down this pernicious doctrine of spheres of influence, foil these selfish attempts, and maintain the principle of equal opportunity for the trade of all nations in all parts of China. It depends upon whether they permit any nation to wrest away

her rich resources and immense man-power from her own possession, and utilize the one as means of aggrandizement and mould the other into instruments of conquest; or realizing the possibilities of danger to the peace of the Orient and the world, aid China to conserve these resources of wealth and power in her own hands and develop them, not as selfish means for aggression, but as instruments for the common purposes of peace. It depends, in other words, upon whether they are content with China's remaining a "sensitive spot" affecting international relations, as a prominent English writer has recently characterized it; or seeing the consequences that are sure to flow from a continuance of this condition, are willing to check the inflammation by mitigating the attack from "economic antagonism," which is the most vicious type of international disease germs, extract from her body extraneous matters, such as consular jurisdiction, which have lowered her power of resistance, and help expedite her recovery to normal health. In short, it all depends upon whether they continue, in regard to China, to pursue a selfish policy of obstruction, interference and aggression, hoping thereby to get a share in whatever spoils may come; or whether they realize that such a course is sure to lead to conflicts, rivalry and antagonism, to disturbance of the peace of the nations; and that the best guarantee for the open-door policy, for the principle of equal opportunity and impartial trade for all, and for the devotion of her wonderful resources of wealth and power to peaceful purposes, lies in a strong and powerful China; and upon whether, realizing all this, they accord her that respect for her rights which they demand of her for their own rights, and conscientiously assist her to attain the end which is to be desired as much in the common interest of the world as for the sake of her own welfare.<sup>1</sup>

So the destiny of China and the future peace of the Far East, and hence of the world, lie in the decision of the big

<sup>1</sup> *Proceedings of the Academy of Political Science* (N. Y., July, 1917), vol. vii, pt. ii, pp. 7-9.

treaty powers as to their policy *vis-à-vis* the young Oriental Republic. Their choice is a simple one. They may choose to obstruct and destroy, as they have been doing since the middle of the last century, or they may choose to restore and cooperate, as the new world order demands. The first violates and cripples China's autonomy, diminishing her power of resistance against the constant foreign aggressions, aiming at her subjugation and at the wresting of exclusive commercial privileges within her territory, and so leads to the clash of antagonistic ambitions and designs among the powers. The second stimulates the development of China into a strong and progressive nation, capable of holding her own position in the world and of maintaining, without outside help, the open-door policy of equal opportunity for all, thereby eliminating international jealousies and intrigues from the Far East. The one creates international rancor and race-hatred, and is destructive alike of foreign trade and other foreign intercourse. The other is conducive to good-will and comity among nations, and permits the unlimited expansion of all foreign intercourse, commercial and otherwise. The one is productive of evil, the other of good. The one leads to war, the other to peace. The one is for the misery and downfall of mankind, the other for its happiness and advancement. Which shall it be? Obstruction and Destruction, or Restoration and Cooperation?



## APPENDIX I

### CURRENCY AND WEIGHTS

*Currency:* I. The Haikwan or Customs tael, in which the Customs revenue and the value of all imports and exports are stated, is not a coin but a weight of silver—a Chinese ounce (*liang*), or  $1\frac{1}{3}$  ounces avoirdupois. Its average annual value in sterling from 1864-1917 is given in Appendix II, while its equivalent in American currency was as follows:

1887 .....	\$1.20
1892 .....	1.07
1897 .....	0.72
1902 .....	0.63
1907 .....	0.79
1910 .....	0.66
1911 .....	0.65
1912 .....	0.74
1913 .....	0.73
1914 .....	0.67
1915 .....	0.62
1916 .....	0.79
1917 .....	1.03

II. The dollar mentioned in the early days was always the Spanish (Carolus) dollar, having an intrinsic value of  $\frac{4}{2}$ , and an exchange value in China of  $\frac{4}{6}$  or more.

*Weights:* Weights are expressed in piculs, catties, and taels. 1 tael (*liang*) = 583.3 grains ( $1\frac{1}{3}$  oz. av.) = 37.783 grammes. 16 taels = 1 catty (*chin*) =  $1\frac{1}{3}$  lb. av. = 604.53 grammes. 100 catties = 1 picul (*tan*) =  $133\frac{1}{3}$  lb. av. = 60.453 kilogrammes.

NOTE.—As the words “taels” (or “tael”) and “piculs” are frequently repeated in this book, more particularly in Chapter VI, we have given them the abbreviations of “T” (instead of the ordinary “Tls.”) and “pls.” respectively.

## APPENDIX II

### THE HAIKWAN TAEI

The average annual equivalent, in sterling, of the Haikwan tael, in which the Customs revenue and all values are stated, from 1864 to 1917 was:

1864 . . . . .	6/8	1891 . . . . .	4/11
1865 . . . . .	6/8	1892 . . . . .	4/4 $\frac{1}{2}$
1866 . . . . .	6/3	1893 . . . . .	3/11 $\frac{1}{4}$
1867 . . . . .	6/3	1894 . . . . .	3/2 $\frac{3}{8}$
1868 . . . . .	6/5	1895 . . . . .	3/3 $\frac{1}{4}$
1869 . . . . .	6/7 $\frac{3}{4}$	1896 . . . . .	3/4
1870 . . . . .	6/6 $\frac{1}{2}$	1897 . . . . .	2/11 $\frac{3}{8}$
1871 . . . . .	6/6 $\frac{1}{4}$	1898 . . . . .	2/10 $\frac{5}{8}$
1872 . . . . .	6/7 $\frac{5}{8}$	1899 . . . . .	3/0 $\frac{1}{8}$
1873 . . . . .	6/5 $\frac{1}{4}$	1900 . . . . .	3/1 $\frac{1}{4}$
1874 . . . . .	6/4 $\frac{1}{4}$	1901 . . . . .	2/11 $\frac{1}{2}$
1875 . . . . .	6/2 $\frac{1}{4}$	1902 . . . . .	2/7 $\frac{1}{4}$
1876 . . . . .	5/11 $\frac{5}{8}$	1903 . . . . .	2/7 $\frac{5}{8}$
1877 . . . . .	6/0 $\frac{1}{4}$	1904 . . . . .	2/10 $\frac{3}{8}$
1878 . . . . .	5/11 $\frac{3}{8}$	1905 . . . . .	3/0 $\frac{1}{10}$
1879 . . . . .	5/7 $\frac{3}{8}$	1906 . . . . .	3/3 $\frac{1}{2}$
1880 . . . . .	5/9 $\frac{1}{2}$	1907 . . . . .	3/3
1881 . . . . .	5/6 $\frac{5}{8}$	1908 . . . . .	2/8
1882 . . . . .	5/8 $\frac{3}{8}$	1909 . . . . .	2/7 $\frac{3}{15}$
1883 . . . . .	5/7 $\frac{1}{2}$	1910 . . . . .	2/8 $\frac{1}{15}$
1884 . . . . .	5/7 $\frac{1}{4}$	1911 . . . . .	2/8 $\frac{1}{4}$
1885 . . . . .	5/3 $\frac{1}{2}$	1912 . . . . .	3/0 $\frac{5}{8}$
1886 . . . . .	5/0 $\frac{5}{8}$	1913 . . . . .	3/0 $\frac{1}{4}$
1887 . . . . .	4/10 $\frac{1}{4}$	1914 . . . . .	2/8 $\frac{3}{4}$
1888 . . . . .	4/8 $\frac{3}{8}$	1915 . . . . .	2/7 $\frac{1}{8}$
1889 . . . . .	4/8 $\frac{1}{2}$	1916 . . . . .	3/3 $\frac{1}{4}$
1890 . . . . .	5/2 $\frac{1}{2}$	1917 . . . . .	4/3 $\frac{1}{8}$

# APPENDIX III

## THE NET VALUE OF THE FOREIGN TRADE OF CHINA, 1864-1917

Year	Net Imports <sup>a</sup>	Exports	Total
	Hk. T	Hk. T	Hk. T
1864 . . . . .	51,293,578	54,006,509	105,300,087
1865 <sup>b</sup> . . . . .	61,844,158	60,054,634	121,898,792
1866 . . . . .	74,563,674	56,161,807	130,725,481
1867 . . . . .	69,329,741	57,895,713	127,225,454
1868 . . . . .	71,121,213	69,114,733	140,235,946
1869 <sup>c</sup> . . . . .	74,923,201	67,143,988	142,067,189
1870 . . . . .	69,290,722	61,682,121	130,972,843
1871 . . . . .	70,103,077	66,853,161	136,956,238
1872 . . . . .	67,317,049	75,288,125	142,605,174
1873 . . . . .	66,637,209	69,451,277	136,088,486
1874 . . . . .	64,360,864	66,712,868	131,073,732
1875 . . . . .	67,803,247	68,912,929	136,716,176
1876 . . . . .	70,269,574	80,850,512	151,120,086
1877 . . . . .	73,233,896	61,441,022	140,678,918
1878 . . . . .	70,804,027	67,172,179	137,976,206
1879 . . . . .	82,227,424	72,281,262	154,508,686
1880 . . . . .	79,293,452	77,883,587	157,177,039
1881 . . . . .	91,910,877	71,452,974	163,363,851
1882 . . . . .	77,715,228	67,336,846	145,052,074
1883 . . . . .	73,567,702	70,197,693	143,765,395
1884 . . . . .	72,760,758	67,147,680	139,908,438
1885 . . . . .	88,200,018	65,005,711	153,205,729
1886 . . . . .	87,479,323	77,206,568	164,685,891
1887 . . . . .	102,263,669	85,860,208	188,123,877
1888 . . . . .	124,782,893	92,401,067	217,183,960
1889 . . . . .	110,884,355	96,947,832	207,832,187
1890 . . . . .	127,093,481	87,144,480	214,237,961
1891 . . . . .	134,003,863	100,947,849	234,951,712
1892 . . . . .	135,101,198	102,583,525	237,684,723
1893 . . . . .	151,362,819	116,632,311	267,995,130
1894 <sup>d</sup> . . . . .	162,102,911	128,104,522	290,207,433

<sup>a</sup> Net Imports, *i. e.*, the value of the foreign goods imported direct from foreign countries, *less* the value of the foreign goods re-exported to foreign countries during the year.

<sup>b</sup> 1852-1865 Taiping Rebellion raged.

<sup>c</sup> Suez Canal opened, shortening the route to China.

<sup>d</sup> 1894-1895 Sino-Japanese War.

# APPENDIX III

## THE NET VALUE OF THE FOREIGN TRADE OF CHINA, 1864-1917 *Concluded*

Year	Net Imports	Exports	Total
	Hk. T	Hk. T	Hk. T
1895 <sup>a</sup> . . . . .	171,696,715	143,293,211	314,989,926
1896 . . . . .	202,589,994	131,081,421	333,671,415
1897 . . . . .	202,828,625	163,501,358	366,329,983
1898 . . . . .	209,579,334	159,037,149	368,616,483
1899 <sup>f</sup> . . . . .	261,748,456	195,784,832	460,533,288
1900 <sup>g</sup> . . . . .	211,070,422	158,096,752	370,067,174
1901 . . . . .	268,302,918	169,656,757	437,959,675
1902 . . . . .	315,363,905	214,181,584	529,545,489
1903 . . . . .	326,739,133	214,352,467	541,091,600
1904 <sup>h</sup> . . . . .	344,060,608	239,486,683	583,547,291
1905 . . . . .	447,100,791	227,888,197	674,988,988
1906 . . . . .	410,270,082	236,456,739	646,726,821
1907 . . . . .	416,401,369	264,380,697	680,782,066
1908 . . . . .	394,505,478	276,660,403	671,165,881
1909 . . . . .	418,158,067	338,992,814	757,150,881
1910 . . . . .	462,964,894	380,833,328	843,798,222
1911 <sup>i</sup> . . . . .	471,503,943	377,338,166	848,842,109
1912 . . . . .	473,047,031	370,520,403	843,617,434
1913 <sup>j</sup> . . . . .	570,162,557	403,305,546	973,468,103
1914 <sup>k</sup> . . . . .	569,241,382	356,226,629	925,468,011
1915 . . . . .	451,475,714	418,861,164	873,336,883
1916 <sup>l</sup> . . . . .	516,406,995	481,797,366	998,204,361
1917 . . . . .	549,518,774	462,931,630	1,012,450,404

<sup>a</sup> 1895-1899 Period of Foreign Aggression—territorial “leases,” “spheres of influence,” “scramble” for railway and mining concessions, and the beginning of China’s foreign indebtedness.

<sup>f</sup> Influence of railways felt.

<sup>g</sup> Boxer Outbreak.

<sup>h</sup> 1904-1905 Russo-Japanese War.

<sup>i</sup> Revolution in October.

<sup>j</sup> Rebellion in summer.

<sup>k</sup> European War from August.

<sup>l</sup> 1916-1917 Internal disorders.

NOTE.—The values given in the above table do not include the value of goods carried coastwise, nor do they comprise the whole extent of the foreign trade, inasmuch as vessels of Chinese type, which are not within the control of the Maritime Customs, ply between foreign and Chinese (both treaty and non-treaty) ports.

# APPENDIX IV

## SHIPPING, 1864-1917

### TONNAGE OF VESSELS ENTERED AND CLEARED CHINESE PORTS

1864 . . . . .	6,635,485	1891 . . . . .	27,710,788
1865 . . . . .	7,136,301	1892 . . . . .	29,440,575
1866 . . . . .	6,877,582	1893 . . . . .	29,318,811
1867 . . . . .	6,396,815	1894 . . . . .	29,622,001
1868 . . . . .	6,418,503	1895 . . . . .	29,737,078
1869 . . . . .	6,843,072	1896 . . . . .	33,490,857
1870 . . . . .	6,907,828	1897 . . . . .	33,752,362
1871 . . . . .	7,381,557	1898 . . . . .	34,233,580
1872 . . . . .	8,486,473	1899 . . . . .	39,268,330
1873 . . . . .	8,227,754	1900 . . . . .	40,807,242
1874 . . . . .	9,305,801	1901 . . . . .	48,416,668
1875 . . . . .	9,867,641	1902 . . . . .	53,990,002
1876 . . . . .	10,226,421	1903 . . . . .	57,290,389
1877 . . . . .	11,983,591	1904 . . . . .	63,774,706
1878 . . . . .	13,446,394	1905 . . . . .	72,755,547
1879 . . . . .	13,927,221	1906 . . . . .	75,819,888
1880 . . . . .	15,874,352	1907 . . . . .	80,109,424
1881 . . . . .	16,640,278	1908 . . . . .	83,991,289
1882 . . . . .	17,388,852	1909 . . . . .	86,771,809
1883 . . . . .	17,589,914	1910 . . . . .	88,776,689
1884 . . . . .	18,806,788	1911 . . . . .	85,929,511
1885 . . . . .	18,068,177	1912 . . . . .	87,562,748
1886 . . . . .	21,755,760	1913 . . . . .	93,334,830
1887 . . . . .	22,199,661	1914 . . . . .	97,084,213
1888 . . . . .	22,307,859	1915 . . . . .	90,663,005
1889 . . . . .	23,517,884	1916 . . . . .	88,020,101
1890 . . . . .	24,876,459	1917 . . . . .	86,907,049

# APPENDIX V

## THE MARITIME CUSTOMS REVENUE, 1864-1917

Year	Total in Hk. T	Year	Total in Hk. T
1864 . . . . .	7,874,257	1891 . . . . .	23,518,021
1865 . . . . .	8,289,281	1892 . . . . .	22,689,054
1866 . . . . .	8,781,875	1893 . . . . .	21,989,300
1867 . . . . .	8,864,817	1894 . . . . .	22,523,605
1868 . . . . .	9,448,474	1895 . . . . .	21,385,389
1869 . . . . .	9,878,848	1896 . . . . .	22,579,366
1870 . . . . .	9,543,977	1897 . . . . .	22,742,104
1871 . . . . .	11,216,146	1898 . . . . .	22,503,397
1872 . . . . .	11,678,636	1899 . . . . .	26,661,460
1873 . . . . .	10,977,082	1900 . . . . .	22,873,986
1874 . . . . .	11,497,272	1901 . . . . .	25,537,574
1875 . . . . .	11,968,109	1902 . . . . .	30,007,044
1876 . . . . .	12,152,921	1903 . . . . .	30,530,688
1877 . . . . .	12,067,078	1904 . . . . .	31,493,156
1878 . . . . .	12,483,988	1905 . . . . .	35,111,004
1879 . . . . .	13,531,670	1906 . . . . .	36,068,595
1880 . . . . .	14,258,583	1907 . . . . .	33,861,346
1881 . . . . .	14,685,162	1908 . . . . .	32,901,895
1882 . . . . .	14,085,672	1909 . . . . .	35,539,417
1883 . . . . .	13,286,757	1910 . . . . .	35,571,879
1884 . . . . .	13,510,712	1911 . . . . .	36,179,825
1885 . . . . .	14,472,766	1912 . . . . .	39,950,612
1886 . . . . .	15,144,678	1913 . . . . .	43,969,853
1887 . . . . .	20,541,399	1914 . . . . .	38,917,525
1888 . . . . .	23,167,892	1915 . . . . .	36,747,706
1889 . . . . .	21,823,762	1916 . . . . .	37,764,311
1890 . . . . .	21,996,226	1917 . . . . .	38,189,429

# APPENDIX VI FOREIGN FIRMS AND POPULATION IN CHINA

Nationality	1875		1887		1897		1907		1913		1917	
	Firms	Persons	Firms	Persons	Firms	Persons	Firms	Persons	Firms	Persons	Firms	Persons
American . . . . .	46	541	28	855	32	1,564	115	2,862	131	5,340	216	5,618
Austrian . . . . .	..	36	3	88	6	106	17	259	22	419	18	317
Belgian. . . . .	..	11	..	18	4	68	9	292	13	178	18	324
British . . . . .	211	1,611	252	3,604	374	4,929	490	9,205	590	8,966	655	8,479
Danish . . . . .	4	66	3	83	4	147	14	197	14	354	17	450
Dutch . . . . .	1	28	2	42	6	81	16	286	10	161	22	298
French . . . . .	6	311	18	515	29	698	99	2,201	106	2,292	127	2,262
German. . . . .	52	367	65	597	104	950	239	3,553	296	2,949	132	2,899
Hungarian . . . . .	..	..	..	..	..	..	..	..	2	21	..	18
Italian . . . . .	2	26	1	192	5	120	21	854	35	355	42	416
Japanese . . . . .	1	26	25	651	44	1,106	1,416	45,610	1,209	80,219	2,818	144,492
Norwegian <sup>1</sup> . . . . .	2	33	1	152	3	439	5	182	7	249	7	277
Portuguese . . . . .	..	..	..	..	8	975	57	3,188	46	3,486	51	2,297
Russian. . . . .	12	55	11	94	12	116	24	479	1,229	56,765	2,911	51,310
Spanish. . . . .	1	103	5	475	5	362	70	266	22	136	8	300
Swedish. . . . .	..	..	..	..	..	..	2	157	3	292	3	513
Non-Treaty Powers. . . . .	5	365	6	539	..	6	1	261	6	1,645	7	215
Total. . . . .	343	3,579	420	7,905	636	11,667	2,595	69,852	3,805	163,827	7,055	220,485

<sup>1</sup> Including Swedish in the first three dates.

<sup>2</sup> Including 714 *protégés*.

# APPENDIX VII

## TREATY PORTS, MARTS, *etc.* IN CHINA

### A. CUSTOMS STATIONS

Port	Province	Date of Customs Opening	By Treaty with	Estimated Chinese Population, 1917
1. Aigun . . . . .	Heilungkiang	July, 1909.	Japan, 1905.	23,814
2. Amoy . . . . .	Fukien . . . . .	April, 1862.	Great Britain, 1842.	114,000
3. Antung . . . . .	Shengking	March, 1907.	United States, 1903.	45,091
4. Canton . . . . .	Kwangtung	Oct., 1859.	Great Britain, 1842.	900,000
5. Changsha . . . . .	Hunan . . . . .	July, 1904.	Japan, 1903.	535,800
6. Chefoo . . . . .	Shantung	March, 1862.	Great Britain, 1858.	54,450
7. Chinkiang . . . . .	Kiangsu . . . . .	April, 1861.	Great Britain, 1858.	108,309
8. Chinwangtao . . . . .	Chihli . . . . .	Dec., 1901.	Imperial Decree, 1898.	5,000
9. Chungking . . . . .	Szechwan.	March, 1891.	Great Britain, 1890.	425,000
10. Dairen . . . . .	Shengking	July, 1907.	Great Britain, 1842.	49,784
11. Foochow . . . . .	Fukien . . . . .	July, 1861.	Great Britain, 1842.	624,000
12. Hangchow . . . . .	Chekiang	Oct., 1896.	Japan, 1895.	684,137
13. Hankow . . . . .	Hupei . . . . .	Jan., 1862.	Great Britain, 1858.	(*) 1,321,284
14. Harbin . . . . .	Kirin . . . . .	July, 1909.	Japan, 1905.	28,600
15. Hunchun . . . . .	Kirin . . . . .	Jan., 1910.	Japan, 1905.	2,619
16. Ichang . . . . .	Hupei . . . . .	April, 1877.	Great Britain, 1876.	55,000 (Tsingtao)
17. Kiaochow . . . . .	Shantung	July, 1899.	(?)	77,952
18. Kiukiang . . . . .	Kiangsi.	Jan., 1862.	Great Britain, 1858.	36,000
19. Kiungchow (Hoihow) . . . . .	Hainan . . . . .	April, 1876.	Great Britain, 1858.	56,639
20. Kongmoon . . . . .	Kwangtung	March, 1904.	Great Britain, 1902.	70,000

<sup>1</sup> By an Agreement dated May 30, 1907, Japan undertook to place the Dairen Customs under the control of the Maritime Customs.

<sup>2</sup> By an Agreement dated Dec. 2, 1905, Germany placed the Kiaochow Customs under the control of the Maritime Customs.

\* Including Wuchang and Hanyang.



# APPENDIX VII—Continued

Port	Province	Date of Customs Opening	By Treaty with	Estimated Chinese Population, 1917
21. Kowloon	Kwangtung	April, 1897	Great Britain, 1886.	...
22. Lappa	Kwangtung	June, 1871	...	...
23. Lungchingtsun.	Kirin.	Jan., 1910.	Japan, 1905.	650
24. Lungchow.	Kwangsi	June, 1889.	France, 1886.	13,000
25. Manchouli.	Heilungkiang	Feb., 1907	Japan, 1905.	2,919
26. Mengtsz.	Yunnan	Aug., 1889	France, 1886	10,000
27. Nanking	Kiangsu	May, 1899.	France, 1858.	377,459
28. Nanning	Kwangsi	Jan., 1907.	Great Britain, 1897.	50,000
29. Newchwang	Shengking	May, 1864.	Great Britain, 1858.	56,683
30. Ningpo	Chekiang	May, 1861.	Great Britain, 1842.	470,000
31. Pakhoi	Kwangtung	April, 1877	Great Britain, 1876.	20,000
32. Samsui.	Kwangtung	June, 1897	Great Britain, 1897.	6,000
33. Sansing.	Kirin.	July, 1909.	Japan, 1905.	15,647
34. Santuao.	Fukien	May, 1899.	Imperial Decree, 1898.	8,000
35. Shanghai	Kiangsu	June, 1854.	Great Britain, 1842.	1,000,000
36. Shasi.	Hupeh	Oct., 1896.	Japan, 1895.	105,000
37. Soochow	Kiangsu	Sept., 1896	Japan, 1895.	500,000
38. Suifenh	Kirin.	Feb., 1908.	Japan, 1895.	1,737
39. Swatow.	Kwangtung	Jan., 1860.	Great Britain, 1858.	85,000
40. Szemao.	Yunnan.	Jan., 1897.	France, 1895.	15,000
41. Tatungkow	Shengking	March, 1907.	Japan, 1903.	4,208
42. Tengyueh	Yunnan.	May, 1902.	Great Britain, 1897.	10,000
43. Tientsin.	Chihli	May, 1861.	Great Britain, 1860.	800,000
44. Wenchow	Chekiang	April, 1877	Great Britain, 1858.	124,544
45. Wuchow	Kwangsi	June, 1897.	Great Britain, 1897.	40,000
46. Wuhu.	Anhui.	April, 1877	Great Britain, 1876.	108,610
47. Yatung <sup>1</sup>	Tibet.	May, 1894.	Great Britain, 1893.	...
48. Yochow.	Hunan.	Nov., 1899	Imperial Decree, 1898.	4,500

<sup>1</sup> No Customs revenue is collected at Yatung.

# APPENDIX VII—*Continued*

## B. PLACES OPENED TO TRADE

In addition to the above "ports" the following places have been declared open to international trade:

<i>In Mongolia</i>		By Agreement with	
1. Taonan .....		Japan, 1915	
<i>In Manchuria</i>			
2. Mukden .....	(Shengking) ....	U. S., 1903	
3. Fakumen .....	" .....	Japan, 1905	
4. Fenghuangcheng .....	" .....	" .....	" .....
5. Hsinmintun .....	" .....	" .....	" .....
6. Tiehling .....	" .....	" .....	" .....
7. Tungkiangtse .....	" .....	" .....	" .....
8. Yingkow (Port of Newchwang) ..	" .....		
9. Liaoyang .....	" .....		
10. Changchun (Kwanchengtse) ..	(Kirin) .....	Japan, 1905	
11. Kirin .....	" .....	" .....	" .....
12. Ninguta .....	" .....	" .....	" .....
13. Chuitzuchien ..	} Chientao .....	Japan, 1909	
14. Toutaokow ..		" .....	" .....
15. Paitsaokow ..		" .....	" .....
16. Tsitsihar .....	(Heilungkiang) ..	Japan, 1905	
17. Hailar .....	" .....	" .....	" .....
<i>In Chihli</i>			
18. Chihfeng .....		Japan, 1914	
19. Dolonor .....		" .....	" .....
20. Kueihuacheng .....		" .....	" .....
21. Hulutao .....		" .....	" .....
22. Kalgan .....		" .....	" .....
<i>In Sinkiang</i>			
23. Kashgar .....		Russia, 1860	
<i>In Shantung</i>			
24. Choutsun .....		Imperial Decree, 1904	
25. Lungkow .....		Japan, 1915	
26. Tsinanfu .....		Imperial Decree, 1904	
27. Weihaiwei .....		Leased to Great Britain	
28. Weihsien .....		Imperial Decree, 1904	
<i>In Kiangsu</i>			
29. Woosung (near Shanghai) .....		Imperial Decree, 1898	
<i>In Kwantung</i>			
30. Hongkong .....		Ceded to Great Britain	
31. Macao .....		Ceded to Portugal	
32. Kwangchowwan .....		Leased to France	

## APPENDIX VII—*Concluded*

### *In Tibet*

- |  |   |  |
|--|---|--|
| 33. Gartok .....<br>34. Gyangtse ..... | } | Great Britain. Tibetan Treaty, Sept. 7,<br>1904. (Confirmed by China, April 27,<br>1906) |
|--|---|--|

### C. PORTS OF CALL

#### *I Yangtse Stages*

- |   |   |                          |   |  |
|---|---|--------------------------|---|--|
| 1. Tatung (Anhwei) .<br>2. Anking " ..<br>3. Hukow (Kiangsi)<br>4. Wusueh (Hupeh)<br>5. Lukikow " . | } | For Passengers and Cargo | { | By Chefoo Agreement,<br>September 13, 1876 |
| 6. Kiangyin (Kiangsu) .....<br>7. Icheng " .....<br>8. Huangchihkang (Hupeh)..<br>9. Huangchow " .. | } | For Passengers           | { | Yangtse Regulations,<br>August, 1898       |

#### *II West River Stages*

- |   |   |                                |   |  |
|---|---|--------------------------------|---|--|
| 10. Kumchuk (Kwangtung)..<br>11. Shiuhing " ..<br>12. Pakto " ..<br>13. Takhing " ..<br>14. Loting " ..<br>15. Dosing " ..  | } | For<br>Passengers<br>and Cargo | { | Burma Agreement, Feb., 1897<br>" " " "<br>Mackay Treaty, Sept., 1902<br>Burma Agreement, Feb., 1897<br>Mackay Treaty, Sept., 1902<br>" " " " |
| 16. Fungtsun " ..<br>17. Kankong " ..<br>18. Yutshing " ..<br>19. Lukpo " ..<br>20. Howlik " ..<br>21. Lukto " ..<br>22. Maning " ..<br>23. Wingon " ..<br>24. Kulo " ..<br>25. Yungki " .. | } | For<br>Passengers              | { | Mackay Treaty, Sept., 1902   |

## THE VALUE OF THE WHOLE TRADE OF THE PRINCIPAL PORTS IN CHINA

Port	1867	1887	1907	1913	1917
<b>I. Northern Ports:</b>					
Manchouli (25).....	.....	.....	.....	Hk. T	Hk. T
Suifuho (17).....	.....	.....	.....	14,703,960	11,438,872
Antung (24).....	.....	.....	.....	21,177,263	21,631,487
Dairen (5).....	.....	.....	4,763,238	14,805,956	42,867,316
Newchwang (8).....	.....	.....	13,837,739	72,346,591	135,945,180
Chinwangtao (28).....	5,444,230	10,356,673	32,294,663	50,064,454	28,829,499
Tientsin (3).....	.....	.....	5,293,870	10,821,592	10,355,729
Chefoo (11).....	14,720,294	28,582,606	96,778,966	133,458,274	142,360,661
Kiaochow (6).....	6,265,373	12,579,788	28,646,513	31,641,224	32,233,419
<b>II. Yangtze Ports:</b>					
Chungking (12).....	.....	.....	27,045,904	59,168,880	57,782,991
Changsha (15).....	.....	.....	7,292,133	30,109,192	33,592,533
Hankow (2).....	30,537,026	33,888,944	115,071,383	23,719,762	27,492,228
Kiukiang (10).....	7,860,609	10,368,885	30,337,377	154,029,939	170,739,067
Wuhu (18).....	.....	5,831,240	21,390,455	32,351,405	41,936,034
Nanking (26).....	.....	.....	10,415,071	20,223,604	19,447,194
Chinkiang (14).....	5,806,802	14,386,586	32,437,296	13,935,555	22,895,022
<b>III. Central Ports:</b>					
Shanghai (1).....	38,093,101	52,231,815	137,058,239	24,547,946	18,014,171
Soochow (23).....	.....	.....	4,367,546	207,222,249	276,411,418
Hangechow (22).....	.....	.....	19,687,735	16,309,291	18,927,756
Ningpo (13).....	12,563,541	10,995,532	25,018,064	17,261,517	21,020,832
<b>IV. Southern Coast Ports:</b>					
Foochow (16).....	23,457,792	14,486,569	19,034,094	25,814,001	25,107,533
Amoy (19).....	10,058,401	12,163,602	17,680,950	23,206,413	15,223,269
Swatow (7).....	11,826,941	22,321,913	45,355,758	20,068,932	14,602,519
Canton (4).....	24,296,136	37,334,157	103,782,947	51,351,756	51,900,351
Kowloon (9).....	.....	18,510,890	54,381,058	112,285,888	102,844,940
Lappa (21).....	.....	4,997,608	17,108,785	47,376,272	53,838,799
Wuchow (27).....	.....	.....	9,663,395	18,018,508	16,283,502
<b>V. Frontier Ports:</b>					
Mengtisz (20).....	.....	.....	9,536,444	13,008,049	15,490,167
	.....	.....	.....	19,678,916	18,773,849

NOTE.—The number in brackets after the name of each port indicates the relative position of the trade of that port in 1913.

## APPENDIX IX

### LIST OF PRINCIPAL CHINESE PRODUCTS

#### A. ARRANGED ACCORDING TO PRODUCTS

Article	Where from
<i>I. Animal Products:</i>	
Furs and skins of wild beasts . . .	Manchuria, Mongolia, the forests of Nanshan region, West Szechwan, North Szechwan, Kansu, and Shensi.
Skins, lamb. . . . .	} Mongolia and Tibet chiefly.
Wool, sheep's . . . . .	
Skins, goat. . . . .	Mongolia, Chihli, Shansi (the best), Szechwan, Kweichow, and the Yangtse Valley.
Hides, cow and buffalo. . . . .	} Most parts.
Horns, cow and buffalo . . . . .	
Leather . . . . .	
Tallow. . . . .	
Bristles . . . . .	Principally Chihli, Honan, Hupeh, and Szechwan, also the Liangkwan.
Egg albumen. . . . .	Large Yangtse ports.
Eggs . . . . .	} The Yangtse Valley and the Kwangtung Delta.
Feathers . . . . .	
<i>II. Cereals:</i> <sup>1</sup>	
<i>III. Fibres:</i>	
Abutilon. . . . .	Hupeh.
Hemp. . . . .	Almost all parts, but chiefly Hukwang and Liangkwan provinces.

<sup>1</sup> Cereals.—The export abroad of cereals is not permitted. Rice does not grow much north of the 32nd parallel, except in Kiangsu, but it is the staple food south of this. Wheat, barley, and millet grow in the drier north, but wheat is also grown in the south as a secondary crop to rice. Kaoliang is the staple food in Manchuria, and maize in North Yunnan and parts of the neighboring provinces. Oats are found in Mongolia, Kansu, and Kweichow; rye only in Kansu.

# APPENDIX IX—Continued

Article	Where from
Jute. . . . .	Chihli.
Ramie. . . . .	Szechwan, Kiangsi, and Hupeh. (In Kwangtung the local product is made into grasscloth).
IV. <i>Metals:</i>	
Antimony . . . . .	Almost all Hunan, also Kwangsi and Yunnan.
Iron. . . . .	For foreign export, practically all from Tayeh, Hupeh, but it is found in many provinces.
Lead . . . . .	Chiefly Hunan, also North Yunnan.
Quicksilver. . . . .	Great deposits right across Kweichow.
Tin. . . . .	South Yunnan.
Zinc. . . . .	Hunan.
V. <i>Seeds:</i>	
1. Oil-bearing	
Soya beans. . . . .	Manchuria, Honan, Chihli, Shantung, and Central Yangtse.
Groundnuts . . . . .	All parts, except in high regions; Shantung (best), mostly Kwangtung.
Rape . . . . .	Chiefly Central Manchuria, Anhwei, Kiangsu, Chekiang, and Szechwan.
Sesamum. . . . .	Manchuria, Honan, and developing in Shan- tung.
Sundry:	
Castor oil . . . . .	Manchuria, Chihli, etc.
Mustard . . . . .	Chiefly Mongolia and Yunnan.
Perilla. . . . .	Manchuria.
2. Other kinds	
Apricot . . . . .	Chihli and Shantung.
Cotton. . . . .	Honan, Hupeh, Kiangsu, and Chekiang.
Melon. . . . .	Manchuria, Hupeh, and the Yangtse Valley.
VI. <i>Silk:</i>	
White . . . . .	Chekiang, Kiangsu, and Kwangtung.
Yellow. . . . .	Shantung and Szechwan.
Wild . . . . .	South Manchuria, Shantung, and Kweichow.
VII. <i>Tea:</i>	
Black . . . . .	Hupeh, North Kiangsi, Fukien, and Kwang- tung.
Green . . . . .	Kiangsi, South Anhwei, Chekiang, Fukien, and Kwangtung.
VIII. <i>Timber:</i>	
Timber (including bamboos) . . .	East and North Manchuria, the Nanshan Range (North Chekiang, South Anhwei, Fukien, South Hunan, North Kwangtung, South Kiangsi, South Kweichow, and Kwangsi).
IX. <i>Sundries:</i>	
Aniseed . . . . .	Kwangsi.
China root . . . . .	Hupeh and Liangkwan.

# APPENDIX IX—*Continued*

Article	Where from
China ware . . . . .	Kiangsi and Kwangsi.
Coal . . . . .	Manchuria, Chihli, Shansi, Honan, and Shantung.
Cotton . . . . .	Chihli, Honan, Shantung, Hupeh, and Chekiang.
Fungus . . . . .	Chungking, Hupeh, and Kwangsi.
Lily flowers . . . . .	Hupeh and Kiangsi.
Musk . . . . .	West Szechwan.
Nutgalls . . . . .	Szechwan, Kweichow, Hupeh, and Kwangsi.
Sugar . . . . .	Liangkwang.
Tobacco . . . . .	Manchuria, Kansu, Hupeh, Kiangsi, Fukien, and Liangkwang.

## B. ARRANGED ACCORDING TO PROVINCES

Province	Article	Port of Export
I. China Proper — The Eighteen Provinces: (a) <i>Northern Provinces:</i>		
1. Chihli . . . . .	Apricot and melon seeds, bristles, dates, jute, and straw braid.	Tientsin.
	Cotton (from Southwest Chihli).	Tientsin.
	Groundnuts (from Southeast Chihli).	Tientsin.
	Coal (from Kaiping Mines).	Tientsin and Chinwangtao.
2. Shantung . . . . .	Cotton (from Northwest Shantung).	Tientsin.
	Pongees and wild silk.	Chefoo.
	Coal (from Poshan and Weihsien).	Kiaochow.
	Glassware, straw braid, wheat, and white and yellow silk.	Kiaochow.
	Bean oil, beancake, bristles, dates, groundnut oil, groundnuts, and walnuts.	Chefoo and Kiaochow.
	Vermicelli (made from green beans).	Chefoo.
3. Honan . . . . .	Soya beans.	Kiaochow and Hankow.
	Coal.	Tientsin.
	Sesamum seed.	Hankow.
4. Shansi . . . . .	Coal.	Tientsin.
5. Shensi . . . . .	Goat skins.	Tientsin.
6. Kansu . . . . .	Bristles, hides, and skins.	Tientsin, Kiaochow, and Hankow.

# APPENDIX IX—Continued

Province	Article	Port of Export
(b) <i>Central Provinces</i>		
7. Szechwan . . . . .	Bristles, feathers, fungus, goat skins, grasscloth, hemp, hides, ramie, and turmeric (all products of the "Red Basin"). Varnish, vegetable tallow, and yellow silk. Medicines (from the Western Mountains mostly). Rhubarb (from Northwest Szechwan). White wax (from Kiating). Salt.	Chungking. Chungking. Chungking. Chungking. Chungking.
8. Hupeh. . . . .	Arsenic, black and green tea, bristles, China root, coal, cotton, fungus, goat skins, gypsum, hides, iron, lily flowers, medicines, musk, nutgalls, tea oil, tobacco, varnish, wheat, white wax, wood, wood oil, and yellow and white silk.	Hankow.
Hupeh, West . . . . .	Cotton, fungus, hemp, nutgalls, varnish, and vegetable tallow.	Ichang and Shasi.
9. Hunan. . . . .	Firecrackers, grasscloth, hemp, lily flowers, ramie, rice, and wheat. <i>Metals:</i> antimony, arsenic, lead, manganese, realgar, and zinc.	Changsha and Yochow.
10. Kiangsi . . . . .	Coal and coke (from Ping-hsiang). Beans, camphor, chinaware, cotton, fans, grasscloth, groundnuts, indigo, melon seeds, paper, ramie, rice, sesamum seed, tea, timber, tobacco, and vegetable tallow.	Changsha. Kiukiang.
11. Anhwei . . . . .	Feathers, green tea, hides, rape seed, rice, silk, and wheat.	Wuhu.
12. Kiangsu. . . . .	Broad beans and paper fans. Goat skins, hides, and melon and sesamum seeds. Eggs, lily flowers, and soya beans.	Nanking. Nanking and Chinkiang. Chinkiang.



# APPENDIX IX—Continued

Province	Article	Port of Export
	Groundnuts.	Chinkiang and Shanghai.
	Cotton, eggs, straw braid, and wheat.	Shanghai.
	Silk.	Shanghai and Soochow.
	Green tea and rape seed.	Soochow.
	Salt.	
13. Chekiang . . . . .	Alum, fish and fishery products, mats, matting, medicines, and rush hats.	Ningpo.
	Cabbages, hams, silk, and tobacco.	Hangchow.
	Cotton, green tea, and paper and paper products.	Hangchow and Ningpo.
	Black and green tea, fish, oranges, paper, timber, and tobacco.	Wenchow.
<i>(c) Southern Provinces:</i>		
14. Fukien . . . . .	Bamboos, camphor, tea oil, and timber.	Santuo and Foochow.
	Paper, and black and green tea.	All ports.
	Olives and oranges.	Foochow.
	Lungngans.	Foochow and Amoy.
	Chinaware, sugar, and tobacco.	Amoy.
15. Kwangtung . . . . .	Cassia and silk.	Canton and Lappa.
	Palm-leaf fans.	Lappa and Kongmoon.
	Bamboos, bambooware, and oranges.	All ports.
	Fish and fishery products.	Kowloon, Lappa, and Swatow.
	Grasscloth.	Swatow chiefly.
	Groundnut oil and groundnuts.	Swatow, Lappa, and Pakhoi.
	Indigo.	Swatow and Pakhoi.
	Eggs, firecrackers, fruits, paper, and tobacco.	Most ports.
	Matting, mats, and preserves.	Canton.
	Sugar.	All ports, except Kongmoon.
	Tea.	All ports, except Pakhoi.
Hainan (Island) . . . . .	Betel nuts, galangal, and pigs.	Kiungchow.
16. Kwangsi . . . . .	Groundnuts, paper, sugar, and tobacco.	All ports.
	Aniseed and hides.	Nanning and Wuchow.
	Mouse-deer skins.	Nanning.
	Hemp, indigo, melon seeds, nutgalls, silk, tea oil, timber, and wood oil.	Wuchow.

# APPENDIX IX—Continued

Province	Article	Port of Export
17. Kweichow. . . . .	Goat skins and nutgalls (from North Kweichow). Wild silk. Timber (from South Kweichow border).	Chungking. Chungking. Wuchow.
18. Yunnan. . . . .	Cunao and tin. Black tea. Nankeens and tobacco. Orpiment, walnuts, and yellow silk.	Mengtsz. Mengtsz and Szemao. Szemao. Tengyueh.
II. The Outer Territories of China:		
(a) Manchuria:		
1. Heilungkiang. . .	Skins (furs), fox, sable, marmot, <i>etc.</i>	Manchouli.
2. Kirin . . . . .	Soya beans.  Cereals (chiefly wheat), bran, and flour.  Timber (from the Upper Yalu River). Timber and firewood.	Harbin and Suifenho (Chinese Eastern Railway to Vladivostock). Sansing (down the Sungari River), Suifenho (Chinese Eastern Railway), and Harbin (Chinese Eastern Railway and to the South). Antung and Harbin.
3. Shengking . . . .	Wild silk, and beans and bean products. Cereals (maize, millet, and wheat), sesamum and sundry seeds (castor oil, pearl barley, perilla, <i>etc.</i> ), and salt. Coal (from: Fushun, Yentai, and Pensihu Mines). Timber (from the Lower Yalu River).	Suifenho. Antung, Dairen, and Newchwang. Dairen and Newchwang. Dairen and Newchwang. Antung.
(b) Mongolia . . . . .	Hides. Skins (furs), dog, lamb, <i>etc.</i>	Tientsin and Chinwangtao. Tientsun.
Mongolia, East . . .	Hides, live stock, and meat.	Harbin.
(c) Sinkiang (Chinese Turkestan) . . . . .	By reason of the inaccessibility of the country, the productions of Sinkiang are of minor interest from the point of view of foreign trade. The territory is an immense desert, and its agricultural wealth is unimportant. The principal crops are barley, millet, oats, wheat, and melons. Horses, camels, oxen, asses, sheep, and goats are raised. The mineral deposits of Sinkiang have been very little exploited. Gold, lead, coal, petroleum, and jade stones are found, and in certain localities sulphur, saltpetre, and alum exist in abundance.	

# APPENDIX IX—*Concluded*

Province	Article	Port of Export
(d) Tibet . . . . .	Tibet also is insignificant in China's international trade. Like Sinkiang it is remote from frequented routes, though to a less extent. The greater part of the country is desert and its agricultural resources are naturally small. Corn, barley, and fruits are grown. The wealth of Tibet consists chiefly of its horses, sheep, goats, yaks, and asses. Furs, musk, and yak tails are exported. Gold is found in many regions, and among other mineral productions are rock crystal, salt, quicksilver, iron, and borax.	

NOTE.—Some of the Chinese products are still awaiting development, and appear either not at all or to a very small extent in the export tables; such are petroleum from North Shensi, Kansu, and the great oil wells of Szechwan; the mineral wealth of the Manchurian mountains, and the Kansu highlands; the copper of Northern Yunnan; and salt, which is a Government monopoly and a forbidden article for ordinary traders to deal in.

With the rapid disappearance of the opium cultivation in China, it is reasonable to hope that its place will be taken by other products more in demand in the Western world, such as wheat, hides, straw braid, beans, seeds, silk, *etc.*

In the past the want of easy communication between inland and coast militated greatly against the development of trade. Railway extension is, however, improving matters.

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